The Magazine of Wall Street

November 2nd 1929 — G. Wyckoff, PUBLISHER — 35 Cents a Copy

How to Invest in this Market

A Long Range Program

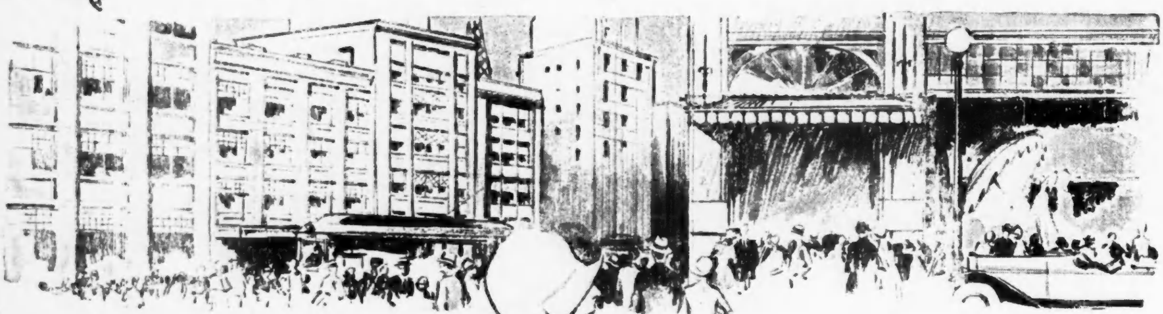
How a United States of Europe Will Affect Us

Vol. 45 No. 1

Why has Southern Buying Power

TREBLED

in the past Decade?



SALESMANAGERS, watching the South only through the medium of sales, have been startled at the increase of recent years. Checking up, they have found that during the past decade Southern buying power doubled,—and then *trebled.*

What are the underlying causes that have created this rapid rise of the South as a market? What do they mean to the producers of America's goods?

The South used to be farm country, *cotton country.* When cotton was up, things were good. When cotton was down, things were bad. And cotton was down so often that Southern people rarely had a surplus.

Then industry discovered the section. Found tremendous economy in Anglo-Saxon labor, low taxes, plentiful and cheap raw material, low-cost power and other basic factors. Set up small experimental plants, from which huge industrial developments have grown.

Rural people went into the factory, and became skilled workers at regular wages. Southern living advantages enabled them to work for less than their Eastern and mid-Western brothers—have more left over from every pay-envelope, to spend for the things you make.

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That is the situation today—and the South has just begun.

Your sales records may not show growth in proportion to the South's growth. If this is so, do not dismiss it with the easy explanation: "Oh. the South doesn't appreciate our kind of goods." Look at your competitors. Find out how their volume has grown in the South. And particularly, those competitors with branches in Atlanta from which to serve this territory as it must be served under modern conditions.

Then let the Atlanta Industrial Bureau make you a complete and impartial survey of conditions here as they affect your business. Let the Bureau tell you how a branch at this strategic point will enable you to get full volume out of the South under modern, hand-to-mouth buying conditions.

Send for this Booklet!
It contains the fundamental facts about Atlanta as a location for your Southern branch.

This data will come to you entirely without charge or obligation, and in the strictest confidence, if you will write

INDUSTRIAL BUREAU, CHAMBER OF COMMERCE
9135 *Chamber of Commerce Building*

ATLANTA

Industrial Headquarters of the South

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WITH THE EDITORS

Watching the Investment Basket

THE late Andrew Carnegie, pioneer steel magnate and philanthropist, commenting upon his achievements contradicted an old adage when he said: "Put all your eggs in one basket—then watch the basket." This statement would appear to be a radical departure from the conservative ideas and the canny nature of a Scotchman and, literally interpreted, is certainly in direct opposition to the cardinal investment principle of diversification. In order to reduce investment risks to a minimum compatible with the results to be obtained, the average individual today, confronted as he is with multitudinous investment media, business projects and other propositions requiring his financial backing, would do well to abandon any idea of placing all his eggs in a single basket, regardless of how closely he may be able to watch it.

If the science of modern investment, however, requires that we discard at least a portion of the advice of that astute Scotchman, it also places greater emphasis on the wisdom of "watching the basket." No substantial measure of success can be expected to crown the management of an investment fund which is not subjected to constant and competent supervision. Supervision will in turn disclose opportunities for advantageously revising and shifting of investments.

Sound judgment in the initial selection of securities tends to alleviate the need for frequent shifting but it is well to bear in mind that security prices are continually fluctuating and might conceivably change those aspects of a particular issue which governed its choice. Fundamentally, the change in the price of securities originates from two sources: a change in the status of the issuing company and changes in general market conditions. It naturally follows, therefore, that the former source would tend to affect the rating of securities and the latter the yield or income return, either or both of which results might make it imperative for the investor to revise his holdings.

In 1912, the common stock of the New York, New Haven & Hartford Railroad, paying an annual dividend of $8, was considered to be a sound investment and large blocks were held by trustees, institutions and individuals throughout New England. In the following year dividends were reduced and subsequently omitted entirely, causing no little hardship and financial embarrassment to many investors. No dividends were paid in the ensuing years until 1928 when they were resumed by a disbursement of $1 a share. Evidence that competent supervision would have averted the heavy losses suffered by New Haven stockholders is supplied by the fact that a prominent investment firm, in 1912, advised their clients to switch from the shares of the New Haven to those of the American Telephone & Telegraph Co., also paying annual dividends of $8. This procedure would have produced substantial returns in the form of uninterrupted dividends and valuable subscription privileges, not to mention the very material appreciation in value.

Of course, the switching of investments, like almost every thing else, can be carried too far. Frequent shifting of funds by the investor seeking to catch the short swings of the market is not likely to produce much in the way of permanent benefits and becomes pure speculation in opposition to practical investment. A more conservative policy evolving from careful supervision should tend to minimize losses and amply reward the investor for the time spent by increased income and principal increment.

Coming Features of Importance —

To What Extent are Investment Trusts a Factor

—— in the market?
—— in the formation of new investment habits?
—— in business?

In a series of two masterly articles, beginning with the next issue, the investment trust will be collectively dissected. Its astonishing growth and development, its strong and weak points and its far-reaching influence will be treated in a most interesting and enlightening way. No thoughtful investor can afford to miss these features.

In the issue of November 16th will appear Part II in the series of profitable investments under present market conditions.

Investment and Business Trend

*Reduce Corporation Taxes!—Like It or Not—
The Business Outlook—Dressing Up With
Investment Trusts—The Market Prospect*

REDUCE CORPORATION TAXES!

IF you are in business as an individual or a partner you do not pay a federal normal income tax in excess of 5 per cent on any part of your net income; it may be only 1½ per cent. If you are in business as a member of a corporation you are taxed at the rate of 12 per cent. Members of Congress say that $300,000,000 can be lopped off the income revenue without incommoding the government. Every cent of that potential reduction should be applied to the reduction of revenue from corporations.

The corporation is the modern and approved method of doing business—the bulk of the business of the country and the more efficient part of it is conducted by corporations. Yet our revenue laws continue to penalize the corporation instrumentality. Expediency—ease and certainty of collection—is probably a good excuse for making the rate higher on corporations than on individuals; and there is some justification on the plea that corporate investment should pay something for corporate privileges. But the present disparity in rates is an enormity. It is endured because it is not visualized, because it is painless.

But suppose every taxpayer got a notice like this every time he got a dividend check.

"Your real dividend amount is $1,000, but we are compelled to withhold $120 in order to pay your tax at source."

He would compare it with the $15 to $50 he might be paying on a thousand dollars received from other sources, and he would want to know why his savings should be taxed from two-and-a-half to eight times as much as income not turned into savings status—corporate investment. He would want to know so vigorously and vocally that it wouldn't be long before he got an answer in terms of something like equalization of the two sources of taxes.

A tax of 12 per cent on dividends is an outrage. And the 12 per cent isn't all of the outrage, either. Because of the burdensome tax, corporations have to charge more for their products—and everybody is indirectly taxed more than he should be. There has been, actually, no reduction in the corporation income tax since the war. It is time that corporations and their owners be relieved of a part of a back-breaking load. If, say, $300,000,000 of the $1,300,000,000 the government now exacts from corporation income were diverted to dividends the effect on business would be soundly stimulating. A large part of it would go back into production—to the making of goods; into service activities, giving more employment; and into increased purchasing power; instead of being withdrawn from the economic circle for non-productive ex-

penditure, as at present. We can make better use of our surplus taxes than the government. If we weren't so docile and easy going we would hotly demand them back.

LIKE IT OR NOT

THEY want an American for head of the reparations international bank. Which is another proof that we are internationalists despite ourselves. Our government consistently stays out of everything that is smeared with reparations, but all the time we get deeper and deeper into the mess. It is inevitable. The country that has most of the liquid capital of the world can no more stay out of the great financial adjustments between nations than a needle can stay away from an adjacent magnet. After all is said and done the Young plan will work with American money or it will blow up. "Commercialization of reparations" means, bluntly, selling reparations bonds to Americans. Naturally, the American buyers will rather do business with a reparations bank headed by an American than by a foreigner. The average investor who eventually purchases some sort of a reparations bond knows no more about reparations than he does about ecology, but he will trust a Yankee banker who tells him that reparations bonds are all right. We may manage to keep out of entangling alliances as a political power, but to keep out of entangling financial associations is impossible. Involvement in them is the price of financial suzerainty. The price in high but so is the distinction. History is ceasing to be war and is becoming finance, and the road to national glory runs through Wall Street.

THE BUSINESS OUTLOOK

WHILE there is little or no justification for associating the origin of the recent break in stock prices with the business situation, the aftermath of the precipitous decline in values may prove a very definite influence on trade and industry. Losses experienced by many individuals are prone to restrain retail buying, particularly in luxuries and non-essentials, and may even exert a sobering effect on industry by curtailing expansion and the lower prices which naturally accompany reduced demand. At the close of October, business does not present the uniformly active front of earlier months. Conditions in the major industries reveal somewhat mixed trends; while some increases are reported, the heavy lines, particularly building, steel and automobiles, have apparently passed their peaks and naturally lessened activity in these quarters must inevitably be felt elsewhere. The volume of orders for new equipment, with the notable exception of railroad supplies, has already evidenced considerable shrinkage. Of course, such developments are not necessarily significant of fundamental weakness in the general outlook. As a matter of fact, these is a gratifying stability in the sound position of inventories and the conservatism with which raw material purchases are aligned to nearby needs. With easier money rates indicated, it is reasonable to expect an abundant supply of funds for commercial and industrial requirements Furthermore, it must be remembered that such declines as now appear in progress originate from unusually high levels. Thus, we may experience a gradual recession in activity during the months ahead without an actual reversal in the general course of business.

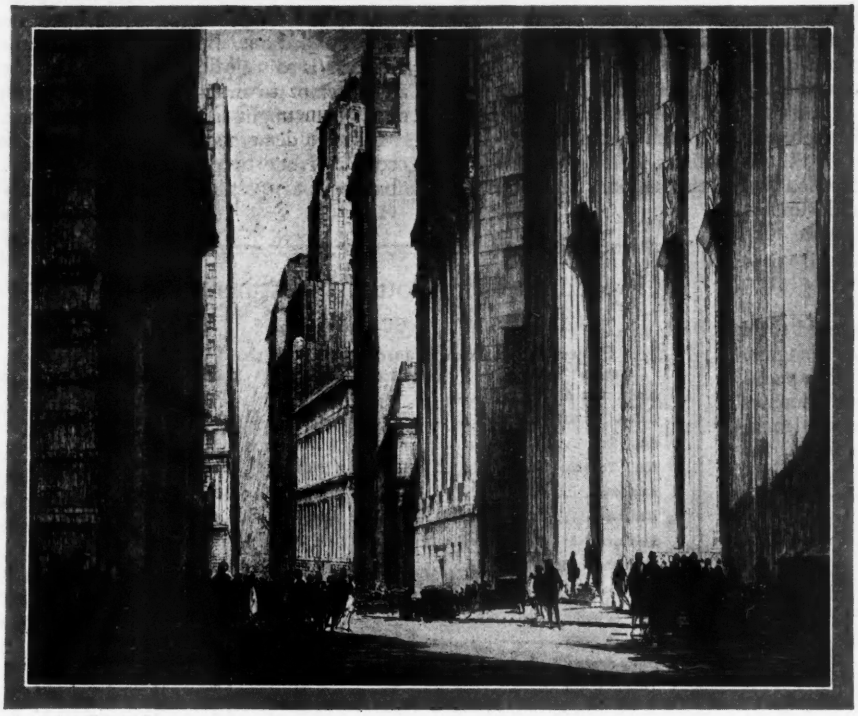
DRESSING UP WITH INVESTMENT TRUSTS

THE investment world can no longer be charged with deadly dullness. It has become as fascinatingly changeful as spectacular speculation. Look at the banks! One may well ask, What is a bank? The commercial banks used to take your money and turn it over to somebody else. Then, you—the composite investor—began to invest your own money. Being deprived of your deposits the banks shift their scenes and take your money for investment in their own enterprises. You may cease to call at the receiving teller's wicket but you send your check to the Atlas or Himalayan investment trust or whatever the trust your bank has launched for the keeping of your money at home—its home. You lost interest in the sort of goods the banks formerly displayed but they have lured you back with a new show window. All of which is a sketchy way of saying that our banks are changing their ways to meet changing times. The investment trust is the vogue—the banks take it on. A big banker who had dropped out of the procession for six years wouldn't know his own bank for a bank if he suddenly returned. And it is not only the banks that are introducing novelty and variety into their financial merchandising. The investor is offered a brilliant variety of "rights," different sorts of stocks, stock dividends, extra dividends, exchanges, split-ups, bonds that may be converted into stocks, perhaps stocks that may be converted into bonds, different degrees of preferred stocks, common stocks that vote and common stocks that do not vote. What will you have? Investing was once like buying mixed candy out of a shabby pail at the old country general store. Now you buy your candy in art moderne boxes and your investments in all sorts of tempting disguises. The investor no longer buys—he is sold. The banker no longer patronizingly consents to accept your deposits. He eagerly solicits your funds. If he hasn't got what you want he will get it while you wait.

THE MARKET PROSPECT

A FULL discussion of the recent break and the current outlook for the stock market, together with a list of investment opportunities afforded by the new price levels, will be found on page 9.

Monday, October 28, 1929



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Wall Street, looking east from Broadway, as it will appear when the new Irving Trust Building at 1 Wall Street (right) is completed

Market Break Forces Recognition of Investment Standards

New Opportunities for Sound Investment

By A. T. Miller

STAMPEDED into a virtual panic during the now historic session of October 24th, almost thirteen million shares of stock of good, bad and indifferent quality were offered on the floor of the New York Stock Exchange for what they would bring.

When the closing gong sounded, a loud cheer rose over the huge trading floor as if to signalize that the institution has successfully met the most severe test in the memory of those brokers who "carried on" through the midst of the short lived but far reaching financial panic. A few privileged visitors in the gallery listened to this burst of cheering with the hope that they had witnessed a spectacle that would not occur again for many years.

From the standpoint of volume, this memorable session was a record day. It was a record day in many other significant aspects. Out of the maze of all the claims and counter-claims, statements and forecasts, one very human factor stands out more prominently than anything else. This is the losses sustained during the brief course of this disastrous trading day, and the forced selling that inevitably followed in the "secondary reaction" that was almost equally disastrous.

It has been estimated that by one o'clock in the afternoon the values of these listed American securities were carried down more than eleven billion dollars. This imposing figure, of course, was depreciation of values on paper. Translated into terms of individual experience, one cannot overlook the actual losses sustained by many thousands of traders large and small whose accounts had been dangerously impaired by the previous recessions and whose stocks were thrown into the maelstrom of a demoralized market place. Broadly speaking, the country had weathered an unexpected security panic and has come out whole. But the "victory" leaves in its train these bitter memories of tremendous trading losses.

As quickly as it could recover from the shock, the financial community began to ask, could this break have been prevented—a question that can only be answered by an

examination of the facts. Paradoxical as it may sound, one of the primary reasons for the break was the over-confidence that prevailed both within and outside of the financial district. During the previous advance, it will be recalled, brokers insisted that their customers maintain considerably more conservative cash balances in their accounts than ever before in the history of The Street. This practice was intended to prevent just such a situation as later developed in spite of the precautions.

It will also be recalled that in the previous recessions, security values found support just above the levels that would impair customers' accounts. But traders, wont to excesses in their buying enthusiasm, also carried their selling to unexpected lengths. And this uncurbed liquidation carried many securities down through the old levels, making it necessary for traders to put up more margin with their brokers. Many customers responded to the request for margin. Others could not meet these demands or at least did not do so, placing instead instructions to liquidate their accounts or leaving the matter in the hands of fate.

It is now known, that at first the brokers were inclined to treat the latter cases as leniently as possible, considering the good-will of patronage built up during the past few years. As is the customary practice in such circumstances, stop-loss orders were placed at prices that would salvage something in an extremity. Notices to customers to bolster up their accounts were reported to have been sent out with the greatest urgency, however, just before the break, dispatched by mail, telephone, telegraph, and even by messenger in some cases.

Liquidation that came on the market on that disastrous Thursday session consequently found the market honeycombed with stop orders. Earlier support seemed, for the moment, to have vanished. The ticker, hours behind the market, prevented new support from coming to the floor in time to stop the avalanche of selling that broke out. One stop order after another was reached by this process—each automatically becoming a "market" order that knocked over the price structure of the market like a house of cards. The wildest rumors spread throughout the financial district to complete the panic that finally broke out in the noon hours, with repercussions that extended over several subsequent sessions.

Opportunities for Sound Investment Afforded by Recent Break

Prices as of Noon Tuesday, Oct. 29th

Stock	Price	Dividend	Yield
Amer. Car & Fdy.	78	6.00	7.7
Amer. Smelting	84	4.00	4.8
Am. Tel.	212	9.00	4.2
Am. Tobacco	187	8.00	4.3
Anaconda	80	7.00	8.8
Atchison	226	10.00	4.4
Baltimore & Ohio	112	7.00	6.2
Bethlehem Steel	80	6.00	7.5
Con. Gas	93	3.00	3.2
Gen. Foods	35	3.00	8.6
Gen. Motors	37	3.30	8.9
Gen. Amer. Tank	95	4.00(a)	8.2
Loose Wiles	55	2.60	4.7
N. Y. Central	180	8.00	4.4
Pennsylvania	80	4.00	5.0
Pullman	87	4.00	4.6
Royal Dutch	47	3.20	6.8
Sears Roebuck	99	2.50(a)	6.5
Southern Pacific	120	6.00	5.0
Standard New Jersey	54	2.00	3.7
Texas Corp.	51	3.00	5.9
Union Pacific	240	10.00	4.2
U. S. Realty	70	5.00	7.1
U. S. Steel	175	7.00	4.0

(a) Plus 4% in stock.

An Inevitable Purge

Could this debacle with its undermining of the public confidence have been avoided? Alleviated or postponed possibly—but not entirely avoided—is the honest opinion in and out Wall Street. Had those who handled the mechanics of trading in listed securities some forehand knowledge that holders of thirteen million shares would attempt to market their stock on that day, then some of the ragged edges of the break might possibly have been rounded out. But the province of the exchange and its members is so well defined by generations of tradition, that any attempt to intentionally throttle free trading activity on its floor might have had far more serious consequences.

Is such a demoralization of security trading likely to again occur? If one be permitted to use the ceremonial phrase "barring war, pestilence and famine" in the 1929 interpretation of these words, then the answer is emphatically, "No!". Many lessons have been learned from *the* break, both as far as the mechanics of trading in this market are concerned as well as the fundamentals that brought the market to so unfortunate a climax. For in the final analysis, the underlying reason for the break must be attributed to the boom character of the buying that carried the prices of many securities considerably beyond their intrinsic investment merit.

Bull markets usually are set in motion by a real investment demand for stocks because they are available at prices that represent a handsome rate of return in immediate cash dividend income. The accumulation of stocks in the early periods of a bull market is not exciting but values begin to rise under the stimulus of this investment demand. If investment funds are plentiful and if corporate prosperity is on an upward climb, the demand for stocks becomes greatly enlarged by those who buy for market profit as well as dividend return. In such a buying movement, prices are usually carried far beyond the levels where they yield an attractive rate of return in dividends.

New Forces at Work

Unlike any previous bull market in history, the current market experienced a number of new developments that greatly exaggerated the scarcity values of the standard investment issues. To enumerate the more important factors that definitely reduced the floating supply of common stocks in recent years, one would have to include investment trust buying and foreign buying both concentrated on the standard issues; stock split ups which made it possible for small investors to buy stocks outright and take them out of the market; income tax considerations and a new conception of the utility of common stocks for permanent investment purposes.

Heretofore, these factors have been discussed fluently from the standpoint of their effect on a bull market exclusively. It was the exception rather than the rule when financial observers pointed to the potential dangers of these influences. So new and unprecedented were the forces that made the 1929 bull market possible, that most of the

participants came finally to take them for granted—to consider them in the aggregate as a sort of a little fairy godmother who would always push their stocks still higher.

In a recent issue of THE MAGAZINE OF WALL STREET,* the writer cautioned readers against the capriciousness of such market influences that artificially create scarcity values in a rising market. This particular observation is so much to the point in the very recent market crisis that a few lines will be quoted here:

"This analysis would hardly be complete without pointing out that the scarcity value of any particular stock or groups of stocks may be a double-edged sword as far as the individual investor is concerned . . . . With any marked change in the financial or industrial situation, these artificial values would disappear like a mist on a hot summer morning. In order to find enough supporting bids under such circumstances, the market would have to fall back on the inherent investment demand that is stimulated by intrinsic values."

Safest Guide

This is exactly what happened in the eventful market session last week. By and large, all those factors that previously held stock off the market disappeared like magic and stocks found real support only at levels where they were attractive for investment purposes. The momentary demoralization of the stock market prevented the investment buying from becoming immediately effective, but before the closing gong had sounded, it turned the tide. It is the investment usefulness of stocks, therefore, that we must look to in attempting to forecast the future course of the market or in selecting individual commitments. And those who find that their investment programs stand in dire need of rehabilitation at this stage of the market might well afford to use the counsel in the above paragraph for a sure guide to investment success—not only in the present market but in every kind of a market.

In order to make this counsel as practicable as possible to the every-day investor, let us draw our distinctions between investment buying of stocks and non-investment buying of stocks. The former is a very much abused phrase. The latter, while, perhaps a non-orthodox term, will help to illustrate the line of demarcation that must be drawn somewhere.

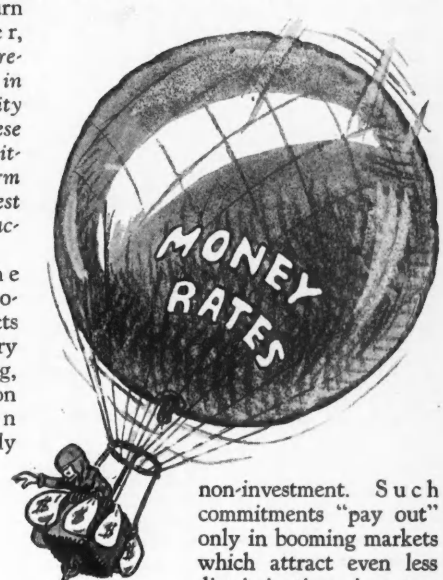
Investment Buying

Investment buying may be applied to bonds, preferred stocks or common stocks depending upon the personal requirements of the investor. When it applies to the purchase of common stocks, however, it must necessarily comprehend a price basis at which the commitment will make a satisfactory income return, present or potential.

In a rising market it is frequently possible for undiscriminating buyers of stocks to make profits, even at buying prices which are admittedly above a level where they would be content to hold permanently for investment income. To successfully terminate such a transaction, therefore, some other buyers must be found who will take the shares at a still higher price.

This practice of buying stocks with the aim and hope that some future buyer will pay a still higher price is essentially the product of a bull market. It is non-investment buying, to still use this coinage. The market performance of the past month culminating in the much discussed break and the subsequent liquidation that it precipitated suggests that such practices might well be eliminated entirely from investment programs now in the making.

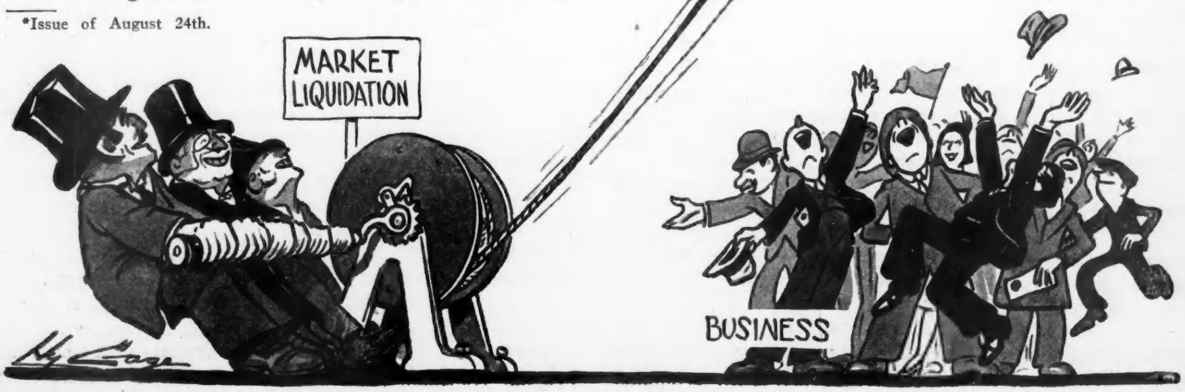
It is quite true that stocks reflect the growing values of the corporations which they represent and under favorable conditions may be bought and sold for profits irrespective of current dividends or earning power. When such prospects are real, the acquisition of shares is investment buying. Those who bought General Motors, United States Steel and Radio years ago on the knowledge that their present earning power was in the making were true investors. Even though at that moment, the immediate cash dividend return was meager, *the potential return existed in sufficient reality to make these early commitments conform to the soundest investment practice.*

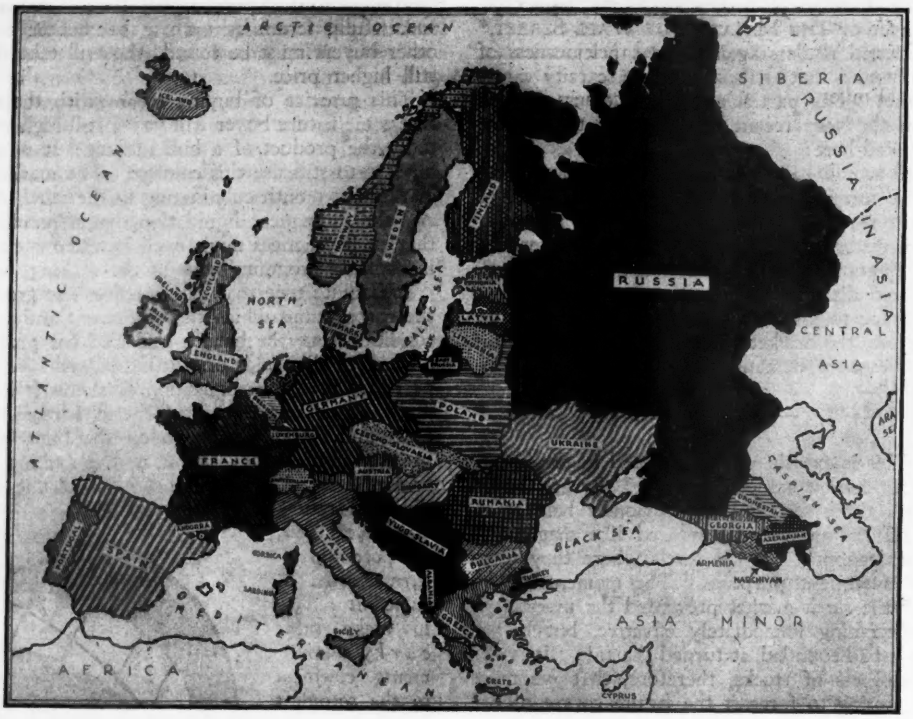


Where the potential corporate prospects are imaginary or non-existing, the acquisition of common stocks is truly non-investment. Such commitments "pay out" only in booming markets which attract even less discriminating investors to pay the hoped for profit. The prospect for the re-occurrence of such a market boom in the immediate future is none too bright at this moment with a huge body

(Please turn to page 82)

*Issue of August 24th.





If Europe Should Unite

Could "The United States of Europe" Wrest World Business Supremacy from the United States of America?

By THEODORE M. KNAPPEN

THE premier of France, militarily the most powerful nation of Europe, initiated the negotiations that led to the adoption by virtually all the nations of the world of the Kellogg multilateral treaty denouncing and renouncing war as an instrument of national policy. Recently M. Briand, under the auspices of the League of Nations, formally launched the idea of a United States of Europe.

The idea is not new; although it is for the first time authoritatively put forward as a democratic ideal. Napoleon perceived the economic weakness of European separation and hoped that his military successes might found a dynasty that would grow into a United States of Europe. Others have dreamed of a united Europe. But now Europe is talking about it as a voluntary union of peoples with a common interest instead of as a welding by force and war. So far the vision of a United States of Europe is painted only in the most shadowy forms. Its advocates appear to be wise enough to know that at this stage any formula would be destructive of the spirit.

To those who place the chief emphasis on the assurance of peace the proposed federation is discussed in political terms. Those who are more concerned with economic welfare see a United States of Europe as a commercial coalescence with a view to enhancing the prosperity of Europe. The pacifists feel that tariffs and other regulations of international trade are so much the domestic affairs of nations that any infringement upon them by a federal power would be provocative of war rather than stimulative of peace. The economists, on the other hand, think that material well-being is the one certain bond that may hold discordant nations together. War, in these times, if not in all times, proceeds from economic rivalry based on singular aspirations instead of common. The economists contend that in reality the common interests of Europe are superior, even to each nation, to the particular interests, fancied or real.

The Weakness of Disunion

Not all of those who are charmed by the concept of a politically united Europe are solely animated by pacific ideals. In a Europe from which internal dissensions are barred they see a colossal nation, capable of coping militarily or economically with the now existing continental federation of the United States of

America and also the intercontinental British Empire.

As a product of the World War, Europe finds itself more than ever a continent of little independent states precisely at a time when economic mergers and economic bigness are the vogue within nations and to some extent across national boundaries.

There are 5,000 miles more of national frontiers in Europe than there were in 1914! That is to say that the barriers to free trade are that much longer. Where, as in the case of what was the Austro-Hungarian Empire, 40,000,000 people exchanged goods freely, there are now five smaller groups whose frontiers bristle with offensive and defensive tariffs and with administrative regulations of tariff laws that make it lucky for any article to run the gauntlet and get by unscathed. The war was a net political gain for Europe, especially on the side of the satisfaction of national and racial ideals, but it was a distinct relapse into commercial barbarism as it affected international trade.

Internal Barriers

In attempting to emulate the prosperity of the United States of America by copying its protective tariff policy, the various states of Europe have found that their intense nationalism has deprived them of a concomitant factor that has been in the United States the essential complement, indeed, the other half of protection. The tariff walls of the United States surround a continental domain, with enormous quantities and great varieties of natural resources. They enclose an empire within which trade is free and untrammelled. We had an area and resources happily suitable for development by protection on sound economic lines. To make an extreme comparison, we might say that a high tariff wall around the United States is but little more of a restricter of trade than a high tariff envelope around the globe would be. Now, as the United States grows economically stronger and stronger by the exploitation of this great market, Europe is weakened by recent further limitations of its separate home markets. There being no insatiable domestic market in any nation of Europe, there is nowhere the blossoming and fruiting of gigantic industrial and commercial organizations that are characteristic of America. In consequence, the European manufacturers find that they are not fortified to compete with the United States in neutral markets (or home markets, for that matter) in lines which the American manufacturers prefer. They even find that in some specialities no amount of protection can protect. Checked on every side by menacing tariff walls, no corporation can develop the size or the managerial excellence of the great American corporations.

> *"IT cannot be doubted that the organization of a United States of Europe in an economic sense is now seriously undertaken. With the possibility that the first measure of such a union may be realized by 1931, it behooves Americans to ponder seriously how such a union may affect their interests."*

Free Trade Plus Protection

The thoughtful European who, like Briand, can rise above nationalistic bias, forget the antique and envisage the new, perceives that whereas the United States has the greatest home market in the world, due to the fact that it has the greatest extent of free commercial intercourse both territorially and populationally, Europe has a far larger population and comparable natural resources, even if Russia be classed as Asian and excluded from the United States of Europe. He knows that although industries in every state compete with industries in other states nobody in the United States would support a constitutional amendment permitting protective tariffs along state lines. The people of every state are agreed that freedom of trade with those of neighboring states outweighs the advantages of any special industrial development fostered by state tariffs. They find this devotion to continental free trade quite compatible with a system of continental protection. The protective barrier at the outer boundaries encouraged a diversification of manufacturing industries inside for whose products there was an ample internal market.

Complete Imitation of the United States

Now, the Europeans are really beginning to think that with war behind and trade ahead the thing to do is to complete the imitation of the United States and make their protective tariffs coincident only with continental boundaries, so that the protective principle may have a great population and a wide expanse of territory in which to function. This idea will develop in proportion to the acceptance of the conviction that the sum total of every nation's prosperity will be greater if based on the European point of view of the individual rather than on his national point of view.

If the Frenchman comes to think that as an economic unit of Europe he will be better off than as an economic unit of France he will eventually become an ardent convert to the program of the economic Europeanization of the continent. This attitude may be a long way off, it may seem preposterous. But we do know that there is an awakening throughout Europe that is running counter to the old peasant economy. People are no longer content with the estate in life "to which God has pleased to call them," as the Anglican prayer book has it, and as a means of betterment they are thinking more about increasing the sum total of wealth than of its distribution by some form of socialization.

Mass production is indispensable to increased productivity, but mass productions requires easy access to great markets. With its great population and its abundant natural resources, taken as a whole, Europe has this market ready-made. It only requires to convert the 28 or more ponds into a sea of trade by the removal of the tariff dykes. This yearning for higher living standards and a richer material life is at present, especially in the new states, submerged by an eager nationalism which identifies political independence and economic self-containment. The larger, as well as the smaller nations, are also troubled by the fear of war, which constrains them to a preparedness that implies aloofness. But suppose that after ten years of peace in a world become peace conscious instead of war conscious, the conviction becomes universal that war is over; then the aspirations of the individual will overshadow national ambitions and the economic continentali-

zation of Europe may come rapidly. The world war broke suddenly, but it had been long preparing. The Russian revolution was meteoric but the times were ripe for it. Fascism burst suddenly on Italy and was put over by a relatively few earnest thinkers and doers. Economic unity may take Europe by storm.

A Commercial Colossus

Postulating Europe as an economic entity, what will it be? Leaving Russia out of the picture, as a potential large-scale unit of itself (although a tremendous auxiliary to a European trade coalition), the nations that would become as many states of the economic union have a combined area of 2,000,000 square miles and 350,000,000 people (3,800,000 square miles and 490,000,000 people if we include Russia-in-Europe). Their national wealth would total $223,000,000 and their home market would be potentially much greater than ours. As a commercial stage Europe would be more spacious than the United States. It would be capable of supporting larger producing and distributing mechanisms than any that we have. The population of Europe will probably always be larger than that of North America. It is tending to become stationary, but so is ours. Some students of the subject are already beginning to place our maximum population at not far from 150,000,000 instead of the 250,000,000 to 300,000,000 we once talked about.

Abundant Natural Resources

It is a mistake to talk about Europe as depleted of natural resources. It has, as a whole, more iron ore in the ground than we have. It is relatively deficient in coal, but has plenty; and absolutely deficient in petroleum, outside of Russia. It is self-sustaining in timber. It has an abundance of fertilizing material from its deposits and artificial sources. Its proportion of tillable land is much greater than ours, and the land is more productive; it has no extensive deserts or near-deserts. It is well supplied with most of the non-metallic minerals of industry and commerce and besides an abundance of iron is well equipped with aluminum ores.

It is true that Europe, like the United States, is utterly dependent on other continents for rubber; it also lacks in textile materials. But when we talk of material resources, we cannot separate Europe from her colonies. While it is true that the British Dominions tend more and more toward complete independence, they will long continue to favor the mother country as against other nations. Besides, the tropical and sub-tropical colonies are not self-governing. The other great colonial empire, that of the French, is either incorporated with the mother country or entirely controlled by it.

As for the human factor, the stock is certainly virile and sturdy. As a whole, the European masses are closer to primitive nature than our people. They have not yet been softened by luxury, they are not disgusted with manual labor. Some Europeans, Count Keyserling for example, even contend that our climate tends to lower the vitality of the original European stocks, and that already we are far more nervous than energetic. Once the possibility of a rich and varied life becomes a prospect of reality through acceleration of the cycle of production and consumption made possible by free continental trade, the European mechanics and laborers may snap into a momentum of productivity that will surprise us. Give toiling millions the tangible reward of far more for their labor than they have ever dreamed of through centuries of docile exploitation by the favored classes and you may create a new Europe. And those millions are actually contemplating such a new golden age.

"The Only Possible Hope"

"The producers and workers of Europe are asking themselves," says a memorandum of the League of Nations, "whether they are really destined to remain always at a much lower standard of life than that of the producers and workers of the only country which can economically and intellectually rival Europe. From the economic point of view, no hesitation seems possible. In the long run, it is in the raising of the standard of life, in the uninterrupted ascent of the classes and in the multiplication of needs and of the means of satisfying them that lies the only possible hope for a durable economic revival of Europe."

And this improvement of the standard of living and "the uninterrupted ascent of the classes" can issue only

(Please turn to page 62)

"The United States of Europe" Compared to the United States of America

Country	Area (Sq. Miles)	Population	†National Wealth Millions of $	Total Foreign Trade Millions of $
Albania	17,374	831,877	......	7
Austria	32,369	6,526,661	5,000	730
Belgium	11,752	7,874,601	12,000	1,535
Bulgaria	39,824	5,483,125	4,000	92
Czechoslovakia	54,877	13,613,172	10,000	1,030
Denmark	16,570	3,434,555	2,000	860
Estonia	18,355	1,110,538	500	54
Finland	149,641	3,526,000	2,000	320
France	207,054	40,745,874	60,000	4,200
Germany	185,889	62,348,782	40,000	6,187
Greece	49,022	5,447,077	2,000	246
Holland (Netherlands)	12,582	7,416,419	12,000	1,784
Hungary	35,901	8,160,000	3,000	316
Irish Free State	26,592	2,972,[illegible]	2,000	480
Italy	110,632	38,834,210	25,000	1,900
Latvia	25,409	3,757,838	1,000	23
Lithuania	20,550	2,011,173	1,000	51
Norway	124,964	2,649,775	2,000	600
Poland	149,140	27,372,447	20,000	595
Portugal	35,490	5,628,610	2,000	189
Roumania	122,282	17,393,149	8,000	426
Russian Europe	1,785,000	135,000,000	50,000	.....
Spain	190,050	22,338,894	20,000	332
Sweden	173,157	6,053,562	5,000	562
Switzerland	15,976	3,886,320	3,000	865
Jugo-Slavia	96,134	12,017,323	8,000	300
United Kingdom	94,284	44,147,601	70,500	9,976
Total	*3,800,000	*490,000,000	323,000	33,660
United States	3,630,000	125,000,000	380,000	9,200
Russia, all	8,144,228	147,012,600	75,000	900

* Including European Russia; League of Nations Total.

† Chiefly estimates.

Sales volume is no longer the standard by which to measure chain store success.

With the advent of the intensive phase of development, hitherto neglected factors take on new significance to the alert investor.

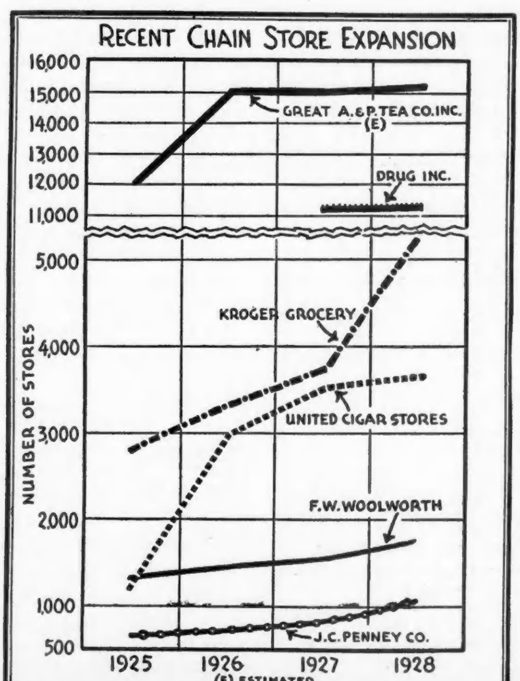
New Standards for Profitable Investment in Chain Stores

By H. M. Lester

CHAIN store problems concern many persons this Fall besides those engaged in their operation. Dr. Julius Klein recently made a statement pointing out that the next stage of development in the field of retailing will be intensive, rather than extensive; the largest grocery chain has announced that it will concentrate on an increase of sales by means of existing stores rather than by opening additional units; a great mail order house has declared itself to be aiming for increasing net rather than increasing gross.

Three imposing sources of opinion are there. Investors who are successful in selecting stocks are going to heed these theories and in proportion as they can apply them so will their investments profit. During the past few seasons, many persons have been very successful in operating among the chain store stocks and the group department stores; so much so in fact that in 1928 new issues sold to finance retail trade were absorbed by the public to the amount of more than $240,000,000.

However, the purchaser of stocks at this time is not likely to buy so readily as heretofore. The recent drastic decline in values has induced a spirit of more cautious selection, and one must add to that factor the changing conditions prevailing in the store world generally which demand attention from those who expect to derive investment profit from this field.



New Conditions

The conditions referred to are several. First, the situation has changed from one where large interests easily gained control of the trade formerly done by the small independent retailer, to where large interests must compete with other equally large interests for what trade exists in a given area. Second, with the passing of that period of strict economy which first favored the growth of the chain store such organizations have had to revert to many of the methods and policies by the omission of which they originally profited so greatly. Third, the general "grading-up" which has taken place among the higher class organizations has made the buying public conscious of the difference between a well managed store and one not so directed, which in turn makes it necessary for the cheap store to look to its methods if it would gain the good will and constant trade necessary to life.

All these difficulties have become the problems of the management. They must be met and overcome intelligently. The best way for would-be stockholders to know how well the management is functioning is to determine what percentage of the company's receipts becomes net cash profits. It is widely recognized that sales are not profits; and that the company which can salvage the greatest amount of its receipts for stockholders is the one with the most effective policies. Usually one observes published in the papers from time to time "Sales of ——— Up 20 Per Cent," etc., which is very inspiring. But, if net profits were up in a proportion of only one per cent it would be a gala season. Store stocks have been selling on a high ratio of price to earnings (together, it must be admitted, with nearly everything else on the list) but their heavy going is a present factor and should be given due consideration.

Prices and Earnings

Nobody is ready to declare the exact ratio which should be maintained, but even dyed-in-the-wool optimists falter at a price of

Table I Management Efficiency in Four Great Groups

Year	Gross Profits	Percent Increase Over Previous Year's Gross	Net Profits	Percent Net to Gross	Percent Change in Percent Net over previous year (signifying Management)	
1925	$239,032,000	.....	$24,602,000	10.3%	.....	Variety
1926	253,645,000	6.1%	28,205,000	11.1%	7.5%	Chain
1927	272,754,000	7.5%	35,350,000	12.9%	16.2%	
1928	287,319,000	5.3%	35,386,000	12.3%	**4.7%**	
1925	78,145,000	.....	6,390,000	8.2%	.....	Drug
1926	91,183,000	16.7%	7,236,216	7.9%	**3.7%**	Chain
1927	95,448,000	4.7%	6,763,254	7.1%	**10.1%**	
1928	100,000,000 est.	4.8%	12,014,335	12.0%	69.0%	
			(11 mos. 1928)			
1925	23,434,000	.....	656,800	2.7%	.....	Grocery
1926	25,820,000	10.2%	609,900	2.4%	**11.1%**	Chain
1927	28,985,000	12.2%	720,600	2.5%	4.2%	
1928	31,569,000	8.9%	857,300	2.7%	8.0%	
1925	91,063,000	.....	7,453,000	8.2%	.....	Clothing
1926	115,683,000	27.0%	8,918,000	7.7%	**2.7%**	Chain
1927	151,958,000	31.4%	8,949,000	5.9%	**23.4%**	
1928	176,699,000	16.3%	10,589,000	6.0%	**1.4%**	

Figures in last column may be considered an efficiency index: Heavy type means decreasing percentage in efficiency.

thirty times earnings. However, neither do confirmed conservatives declare that stores should be held to ten to fifteen times; the happy medium seems to be around twenty times earnings, provided the management can show an improved percentage of net profits to receipts yearly. It is this figure which clearly reflects the success or failure of management and which is the best indicator of future earnings; yet it is a figure often overlooked by the public. People see that the earnings per share have increased yearly, and that sales have done likewise, and they observe an encouraging rise in the market price of the stock, so they buy a block. Then they are dazed to find that a general shakeout can cause a dwindling of as much as fifty points and that the stock seems unable to recover to its previous mark. In their selections, they have probably overlooked the price-times-earnings factor, and that significant percentage figure which indicates a strong management.

In a 1929 edition of 46 chain store statistics recently published, comparisons of the 1928 reports with those of 1927 were somewhat discouraging. Forty per cent of the variety stores showed a smaller percentage of net to gross; 37½ per cent of the grocery stores; 50 per cent of the clothing stores; 50 per cent of the shoe chains; 75 per cent of the restaurants; 100 per cent of the tobacco chains. Only the drug chains were all able to show an increased ratio of net profit to sales made, and that is the most important factor in development.

Management Efficiency

A comparative study of four representative chain store companies over a period of four years reveals some interesting indications of the degree of management efficiency. Four representative organizations in as many groups are represented in Table I.

By the standard of per cent gain or loss in net, it will be observed that management does not show up to the best advantage.

What specific delinquencies are hampering it? Buying methods? Not usually; Advertising policies? Not usually; Bookkeeping systems? No. Buildings and maintenances? No. Everyone of these is usually in the hands of a group of experienced trained individuals, in many cases known to be experts. It is interesting to reflect that all these operations are several steps removed from the buying public, which is not much concerned about them. Customers are more conscious of the original purpose of a store, viz: the selling. And it is there, in the work of the rank and file of the sales force that the management falls down hard, and the profits roll away.

Therefore, the writer, who knows stores well from the inside, urges that purchasers of store stocks scrutinize the management index closely and to observe that when they find a low figure, they will also find that the development and management of the sales force is not up to the standard of stores which make more money. In a six months' survey, comparing figures and personnel methods, it has been surprising to see how clearly the relationship works out. No doubt an organization which has reached the high degree of intelligence where the necessity for an efficient and agreeable sales force is admitted, is ahead of its competitors on all other scores too. But investigation will show that their methods are nearly parallel in the other phases of store operation—the great differences will be found in personnel divisions.

What to Look for

Persons who are not familiar with the everyday life of stores may feel somewhat helpless when it comes to deciding whether a firm is doing a thorough job on this score. Of course, if you ask any executive, he will tell you they are. It has become a sore point with them; worried, confused, angry at contemplation of expenditures for that purpose, usually disappointed at the results gained—all in all, the subject is a touchy one and if you want facts you had better look into their methods quietly yourself; go into one of the stores, if possible, tell the manager you have a busi-

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CONTENTS

I—FACTORS NECESSARY TO AN UNDERSTANDING OF THE MODERN MARKET. What is back of recent tremendous price advances—Why some companies should go even higher—How orders are handled by broker—Call money market explained.

II—THE NEW STATUS OF THE COMMON STOCK. Value as an investment—Ascendency over bonds and preferred stocks—Importance of common stock as the sole equity.

III—MARKET PRICES VERSUS VALUES. New conditions require new standards for judging values—The out-of-line method—A comparison of "yield methods" and "times earning ratio".

IV—A NEW METHOD FOR VALUING COMMON STOCKS. A clear explanation of the new Durand formula for valuing common stocks in the present market—Why the investment value of one company is 208 times earnings while another is only 7 times earnings—Rules and examples for judging investment values.

V—MANY MONEY MARKET THEORIES NOW OBSOLETE. New monetary influences and the stock market—Significance of brokers' loans—What they are—How handled—Factors investors should know.

VI—MARKET MANIPULATION UNDER NEW CONDITIONS. How group movements affect pool operations—Importance of sponsorship—How new margin requirements affect pool operations and protect investors—Stabilizing effect of investment trust buying and industrial funds in the call money market.

VII—HOW TO SELECT AN INVESTMENT TRUST. The tremendous growth in number and importance of Investment Trusts makes it essential for investors to know how to select the safe, profitable investments among this type—A simple explanation.

VIII—OPPORTUNITIES IN SEASONAL MOVEMENTS. How to find the profit opportunities in securities advancing on seasonal activity.

IX—SELECTING SECURITIES ON PRODUCTION AND CONSUMPTION CYCLES. How varying business conditions affect industries—How to detect securities likely to move on these cycles.

X—HOW TO PROFIT BY STOCK DIVIDENDS AND RIGHTS. How prices discount dividend changes—Indicators pointing to split-ups.

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ness interest in the store and get permission to look around and ask some questions.

Observe the condition of the merchandise—how much will be unsalable as a result of carelessness?

Observe the condition of the salespeople—are they healthy, reasonably good-tempered, clean enough in person?

Observe the attitude of the customers—are they annoyed, irritable, tired of waiting?

Does the salesclerk make the most of the opportunity to sell or is his work perfunctory?

Can the salesclerk answer satisfactorily any reasonable questions about his merchandise?

Then inquire of one of the salesclerks what occurred when he was first employed; that is,

Was there a medical examination?

Was there any test? (Intelligence)

What instruction was given?

Did the teachers know the job?

Was it worth his time?

Does the firm have a pension system? Any group insurance? Any sick benefit?

Does he stand a good chance of being promoted? Why?

Does anyone help at first in the handling of customers?

Do new employees need that?

In short, make a definite personal effort to find out whether the organization selects its sales employees with care; then develops them to be efficient; and finally, makes it worth while for the more intelligent ones to remain on the payroll.

Other weaknesses from which stores in general suffer are to be found in the fact that there is an amazing lack of cooperation between the various branches of a given organization; and that the distribution of salaries is very uneven. To illustrate the first point—there is usually no connection between the employment office and the training staff. The latter may find a new man incapable, but it is not considered their "place" to report that to the employment office; on the contrary, it is not until he is fired summarily because of some expensive blunder that any mention is made that he is stupid, although it was evident from the first sales lesson. A dozen similar situations may be found within a day's observation.

As for the salary question, some stores are mad on the subject of high-priced executives; they pay really large sums to a number of persons whose duties overlap and who constitute a staff that is top-heavy. It is not good management to pay five or six men fifteen or twenty thousand a year and then be so parsimonious on the budget of those who make the wheels go round that it is impossible to get a good job done. The big executive plans a great sales campaign—that is, he says "let's have one"—then the job of working out all details and methods is farmed out to low-priced juniors; the plans are approved or not—that's where the master mind comes in again—and the matter continues to its logical conclusion. Its success is dependent entirely on how well the sales force does the job. And that in turn depends on how well they know how to do it and are inclined to make extra effort.

A study of Table II shows the practical application of the foregoing; it contains pertinent information about various organizations which may be fairly compared and which are generally considered to be representative. Having made the above statement as to personnel policies, it is only fair to give some facts which have a bearing in each case.

A. & P. has been developing pretty well along these lines; the managers are all made to feel their responsibility, and do a fair job as a rule. But any organization so widely distributed is up against the difficulty of employing local help who are strangers to the central office and feel a bit antagonistic, or of employing at the central office and sending strangers into a given neighborhood where they have no acquaintances.

Jewel Tea, selling by means of wagon routes, has developed each driver into a real salesman, who can increase his business from year to year, and who has a true pride in his selling record. Their methods have been carefully worked out and they really sell, rather than take orders. There is a definite interdependence between customer and salesman not found in the usual chain organization. Nine and one-half per cent of gross to net is the answer. The recent move of the company's headquarters to the suburbs has proved to be a great advantage to employees in living conditions and general good feeling. The change in market price of stock was due to a 75 per cent stock dividend paid June 20th, 1929; on May 16th it was 151⅜; June 21st, 83.

Drug, Inc., includes Rexall, Liggett's, B. & R. Drug Stores, May Drug Stores, Life Savers, Wolff-Wilson Drug Co. and Boots Pure Drug in England. This group has yet to coordinate its varying policies to the best advantage of its sales force.

The May Drug has very progressive policies which could well be adopted thoughout the whole group.

The Grant Stores have a great deal ahead of them in the matter of personnel work. Their units are large and their employment is heavy. Also wages are low, all of

(*Please turn to page 58*)

Table II—Comparison of Representative Chains

Company	Net Sales 1928	*Personnel Policies	% Net Profit 1928	Market Record 1928 High	Market Record 1928 Low	Earned per Share 1928	Market Record 1929† High	Market Record 1929† Low	Div. 1928
Great A. & P.	$750,000,000	Fair	3.23	314	306	$11.02	494	250	$4
Jewel Tea	15,970,892	Excellent	9.57	179	77¾	11.55	162¼	51 (75% Stk. Div.)	3
Drug, Inc.	100,000,000	Fair	7.08-'27	120⅛	80	5.49	126⅛	95⅛	4
W. T. Grant ..	55,690,784	Fair	4.95	125½	111¾	5.12	144⅝	114½	1
Lane-Bryant ...	13,500,000	Good	5.92	...	...	8.00	91⅞	68	2
Macy's	90,251,396	Excellent	8.4	382 (3 for 1 split)	134	21.60	255½	148	3 (and stk. div.)
Gimbel's	121,109,396	Improving	...	59⅞	34⅛	....	48⅛	19	..
Shattuck	16,849,728	Excellent	13.0	140¼	80½	6.25	194	36¼	2
Child's	25,581,109	Fair	...	64	37	1.93	78⅞	44⅞	2.40

* See author's comments. †(to Oct. 4)

Things To

A RECENT cartoon depicts an amazed ironworker who, chancing to raise his eyes from an eerie perch at the top of the structural frame of a new skyscraper, finds himself looking into the benign countenance of St. Peter. Perhaps this may be the experience of those steeplejacks who surmount the perpendicular quarter mile of granite which will constitute the 150 story Noyes building to be erected in lower Manhattan. The investor who buys building securities, however, must take a more mundane view. In a recent study of the economic height of tall buildings, it was shown that structures of 2,000 feet were practical from an engineering standpoint, but that land values, based on improved real estate and the concentration and value of business in the immediate locality were the limiting factors. For a structure covering a large area, land value of $200 a square foot makes an economic limit of 63 stories, after which net return on the investment diminishes, but where the land is worth $400 a square foot, the limit would be increased to 75 stories.

* * *

Developing Customers

ONE well-known razor company built up its large sale of blades partly through giving away razors. Now a leading camera concern plans to widen the use of its films through giving away 5,000,000 cameras to school children next spring.

* * *

Back to the Woods

MAYBE we shall soon be talking about the Cellulose crop. There are premonitory stirrings in the ranks of foresters and lumbermen suggestive of another one of those industrial "revolutions" that are turning the world into a merry-go-round. American woodsmen have never been wildly enthusiastic about planting a tree today and harvesting it in 2029. Hence, little managed reforestation. But now comes the chemical engineer and says to the lumberman: Take a big crop of small trees every ten or fifteen years instead of a small crop of big trees every hundred years—not of lumber, but of wood, cellulose. One responsive forester already visions gigantic mowing machines, drawn by super-tractors, crunching through dense fields of young trees, even as the combine now cruises gaily across the wheat fields of Kansas. From the forest the wood goes to converters, comes out as cellulose—and presently, the cellulose is made into 4,000 commodities, everything from candy wrappers to synthetic lumber. Nothing is wasted, tree growing becomes profitably feasible; and the forest, capable of perpetual production, will relieve in many ways the pressure on the minerals which, once mined, are gone forever.

* * *

Mail Order Tires

THE tremendous business which the mail order houses have built up in automobile tires is offering serious competition to many of the rubber companies. As contractors for huge quantities, the mail order companies can offer guaranteed quality tires at low prices, and through numerous distributing stations and newly established outlets, have largely overcome the obstacle of delayed delivery. The effect on the tire trade is most keenly felt by the small companies, but has recently been an important factor in surprisingly small price advances by leaders in the industry.

* * *

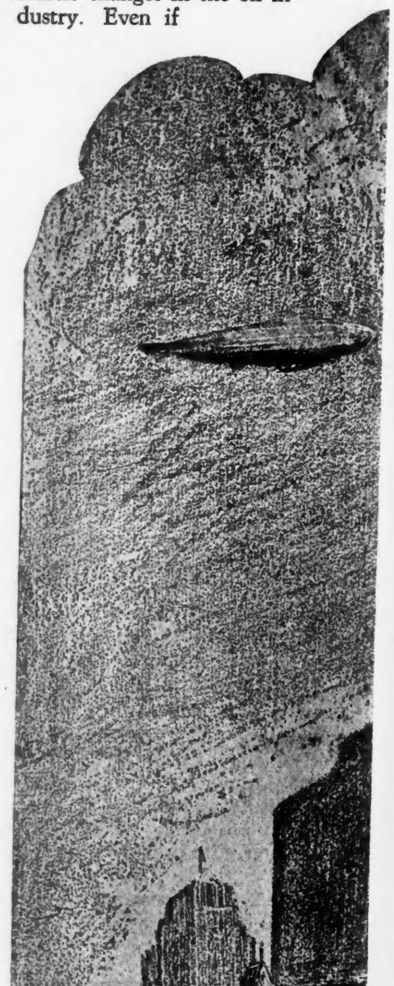
Will Nationalize Dialing

THE American Telephone & Telegraph Company is working out a national dialing system. Within a few years it will be possible to dial any leading center of the United States directly from the individual telephone instrument and obtain a number as quickly as the present dialing system permits intra-city connections.

* * *

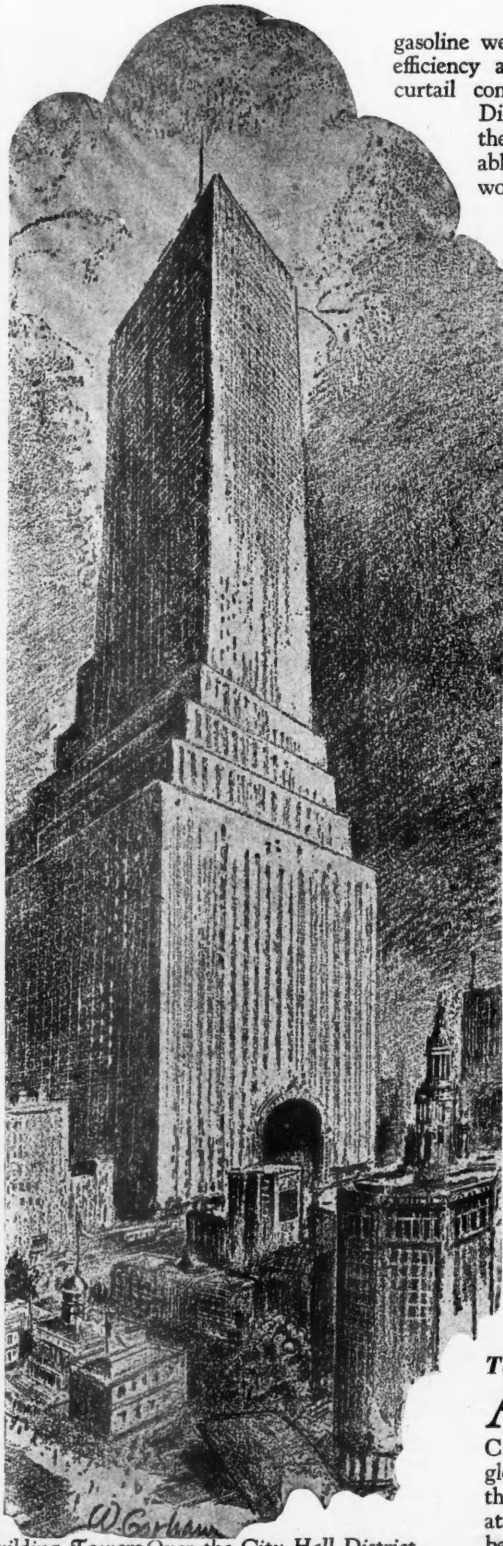
Progress Means Change

THE Diesel electric and gasoline electric motive power for automobiles has demonstrated its practicability in use and may before long find more general application in pleasure cars. The simplicity of electric control, elimination of gear shifting and economy of fuel offer attractive advantages. While such a change in motive power might occasion little disturbance among motor car manufacturers to whom alterations in design are almost annual occurrences, it would effect drastic changes in the oil industry. Even if



The Projected 150-story Noyes-Schulte

Think About



Building Towers Over the City Hall District

gasoline were retained as fuel, higher efficiency and smaller engines would curtail consumption, whereas if the Diesel were adopted, gasoline, the most important and profitable product of the industry, would have its market most decidedly foreshortened. Fortunate it is, that the leading oil companies are far-seeing enough to continually develop new products and new fields for old ones. The by-products or specialty business of Standard Oil of N. J. has become such as to almost warrant the appellation of chemical company. Who can say that the minor product of today will not become the mainstay of earnings of tomorrow. Perhaps the power of control over petroleum refining bestowed by hydrogenation has not come much too soon.

* * *

Air Minded Business

TRANSPORT planes operating over established routes in the United States and carrying mail, express and passengers, are now flying approximately 75,000 miles a day. During the past three years, nearly six million pounds of express have been carried while inquiries at the Department of Commerce indicate an increasing number of merchants are availing themselves of the high speed service of the air.

* * *

Too Bad for Middlemen

ALWAYS the fly in the ointment Farm Board Commissioner Teague gloomed every face around the agricultural round table at the meeting of the Chamber of Commerce of the United States when he admitted that individual distributors of food products might be run over by the agricultural cooperatives fostered by the Board. The idea began to penetrate that relief for the farmer may mean distress for grain merchants, commission houses, produce jobbers and various groups of processors. To get more for the farmer the middlemen may be curtailed, even eliminated. Too bad for the jolly butter and egg men! We should mourn their passing. But if business finds it good to short cut the route from its factories to its consumers, it can't complain with logic if the farmer does likewise. It's tough to have your business destroyed by a governmental agency that you pay for as a taxpayer, but if cooperative distribution is sound economics the end justifies the means. The middleman may have to go onto the farmers' payroll. Perhaps Congress will create a board to equalize him.

* * *

Young Plan and the Bond Market

JUST as the success of the Dawes Plan was predicated on the ability of the German to borrow, so the Young Plan can hardly be expected to achieve its objective unless similar opportunity is afforded for Germany to float loans outside her own boundaries and particularly in this country. With American banking interests vitally concerned in the setting up and operation of the Young Plan it is logical to expect that these same interests will lend the utmost support to advance the domestic bond market as a whole in order that foreign flotations may be successfully made.

* * *

Foreign Financing

FOREIGN financing of this country in the third quarter totaled $82,000,000 or the lowest for any similar period in the last six years. Nine month foreign financing of $568,500,000 or 60 per cent of the same 1928 period. The stage now is being set for huge foreign loans next year. America's post-war foreign financing falls in two periods—1922 to 1927 and 1927-1929. Choice issues predominated in the first and low-grade in the second period. Appreciation market-

(Please turn to page 82)

The first actual railroad merger since the New York Central absorbed the Lake Shore 15 years ago is being attempted in the transfer of Hocking Valley assets to Chesapeake and Ohio.

Split-up in the shares of C. & O. may herald a new day in railroad stock financing.

Van Sweringens Upset Railroad Precedent

By Pierce H. Fulton

"THEY'VE done pretty well already. They've made a lot of money."

This was the cryptic reply of a prominent banker, at first an aggressive opponent, later a passive cohort, of O. P. and M. J. Van Sweringen, ambitious railroad consolidators, of Cleveland.

The question was, "Will, in your judgment, any of the Van Sweringen plans be approved by the I. C. C.?"

That was more than a year ago. Since then many important things have happened for those two brothers, not a few of them favorably.

Early in their railroad career, they were the objects of at least mild ridicule, then of surprise and confusion of mind, as they really began to get things done, and still more recently, of praise for the surprising degree of success attained, in the face of seemingly insurmountable obstables.

One of the most important things that the Cleveland brothers have done within the last year has been to switch from the Nickel Plate to the Chesapeake & Ohio as the central company for their big merger system, which they plan to make much larger still, if permitted by the I. C. C. to do so.

But that is another story, in which keen interest is likely to develop a little later on, when the I. C. C. brings out its general plan, and if Congress passes the Parker and Watson railroad consolidation bills.

Possible Candidates for Nearby Common Stock Financing

The following table gives interesting data relative to the stocks dealt with in this article, by way of illustration, and which are likely to be the first to be split up and to receive larger dividends:

Name	No. Shares Com. $100 Par	Present Div.	Probable Form of Increased Distribution
Atchison	2,416,293	$10	Rts. on stock
At. Coast	813,427	10	Larger extra
Can. Pac.	3,032,782	10	Rts. on stock
Cent. R. R. N. J.	274,368	12	Larger extra
Del. & Hud	515,735	9	Dist. assets
*D. L. & W.	1,693,690	7	Larger extra
Ill. Cent.	1,350,385	7	$8 basis
L. & N.	1,168,595	7	$8 basis
N. Y. Cent.	4,637,087	8	$10 basis
Nickel Pl.	337,074	6	$7 basis
*Penna.	11,233,479	4	$5 basis
Pere Marq.	450,460	8	Ext. cash dist.
So. Pac.	3,723,809	6	$7 basis
So. Ry.	1,298,200	8	$9 basis
Un. Pac.	2,222,916	10	Dist. assets

* $50 par.

Whoever is at all interested in what the Van Sweringens are trying to do with their railroads should keep his eye on the C. & O. It is with it that they have done things recently and propose to do still more, and probably bigger things.

C. & O. Split Up

Their latest proposal, for example, is of the utmost significance. Reference is made to the resolution adopted by the directors on October 15th to increase the authorized common stock from $185,000,000 (par $100) to $300,000,000 (par $25), and to split the new stock 4 for 1.

In this action the resourceful and ambitous Cleveland brothers have taken the lead among the railroads of the United States in the splitting up of shares. Industrial, public utility companies, in large numbers, financial institutions, and just lately, investment trusts, have done it, but never a railroad before the C. & O.

While the Van Sweringens have not said so publicly and officially, it is assumed and believed that when they decided to make the increase in the common stock, to change the par value and to split the shares, they had two objectives in mind.

First, to secure a wider distribution for the shares not held by the Chesapeake Corporation, and, secondly, to pave the way for a larger dividend on the common. Al-

ready it is guessed that if the plan is approved the new stock will be put on a $3 annual basis, equivalent to $12 a year on the present stock, in comparison with the $10 now being paid.

Bigger Dividends Right here a highly important point should be stressed, about which little has been said in previous discussions of reasons for splitting shares and reducing par values. Generally, it has been claimed that this action has been taken to make it possible for small investors and employees to become shareholders.

This has been true, but it is not the whole story. Directors of corporations, whose stock was selling at several hundred dollars a share, on which seemingly big dividends were being paid, have been afraid of attacks by so-called radical elements. Hence they have been eager to get the par value and the market price of the shares down to where they would not be targets for such attacks.

But even this is not all. These same directors, knowing how large the net earnings of the companies were, and likewise the prospects for still larger earnings, have been eager to divide with the stockholders a still greater part of net income, the balance after fixed charges, and available for dividends.

With the stocks selling at several hundred dollars a share, the disbursement would have to be correspondingly large to yield a reasonable rate on the purchase price, to make the stock an attractive investment, particularly to the man with only a few hundred or thousand dollars available for that purpose.

Remember—and this on official authority and not on the writer's mere guess or assumption—paving the way for bigger dividends is one of the principal reasons for splitting shares and reducing par values.

This idea is of first importance to present and prospective investors, first in considering what the latter action means in the case of the C. & O., and secondly in considering what its directors have done signifies with respect to other railroads with large net earnings, high prices for their common shares and a rather big dividend already.

Are we entering upon a period of "split-ups" and bigger dividends on a much greater number of shares, of the leading railroads of the United States?

Will such action become general before railroad consolidation on a more comprehensive scale is attempted?

Would such action impede or expedite the exchange of securities under the terms of merger plans?

These are questions, altogether pertinent to ask and to consider, in the coming weeks, and perhaps months, in view of the C. & O. proposals.

Other Split-Up Candidates At the present time there are at least 14 or 15 railroads in the United States and Canada, in addition to C. & O., whose common stocks are selling sufficiently high to make splitting up possible and feasible. It would seem doubtful that the directors of any railroad would consider such action, in the near future at least, unless the common stock of their company had averaged above $150 a share for some time. All of the 15 stocks that we have in mind have sold above that level this year, although some of them dropped 30 points or more from their high quotation, and even below 150, during recent severe declines.

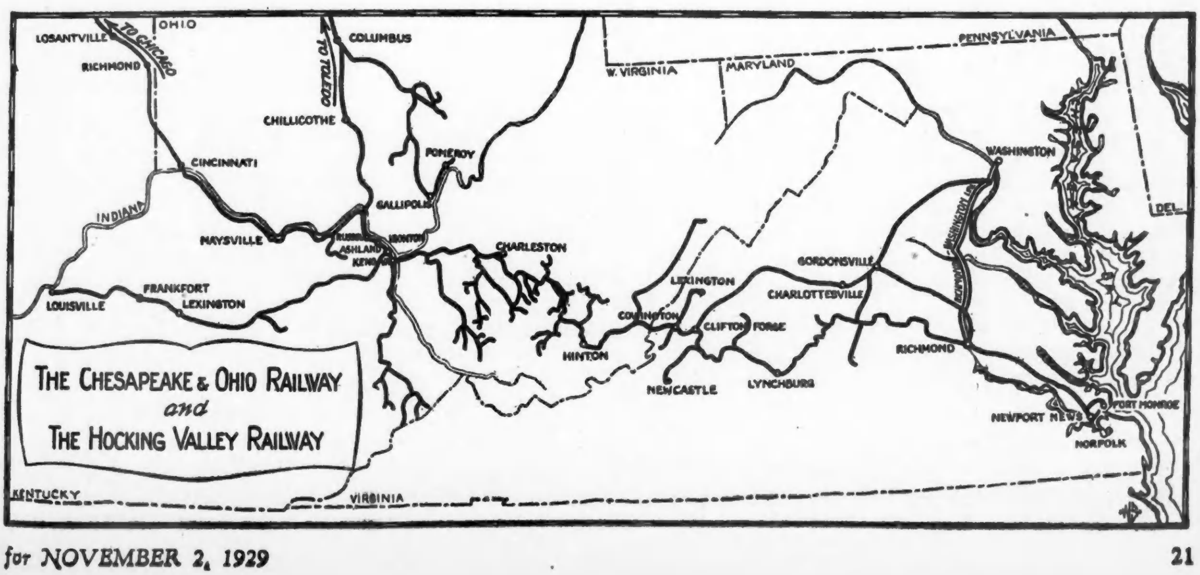
Conspicuous in this list, outside of C. & O., are Atchison and Union Pacific. The former touched 298⅝ and the latter 297⅝ when railroad stocks were at their peaks for this year to date. It is interesting to note, by the way, that each of these prime railroad stocks carries a 10% dividend. The one represents a property that is operated purely as a railroad, the other as a rich investment trust as well. Equally striking also is the fact that the top prices were exactly one dollar a share apart.

It is likewise pertinent to observe that, with the exception of the C. & O., which proposes to split its common stock, everyone of the railroads that we are considering is managed in an ultra-conservative way. And again, these railroads, so managed, are the big earners and dividend payers among all the steam railroads of the United States and Canada.

But as for the probability of the Atchison and Union Pacific splitting up and reducing the par value of their common stock. So far as can be learned, the board of neither company has considered the matter in anything like a formal way, if at all. No one can tell, however, what they might do if such a practice were to become somewhat the fashion, or even a fad, among the railroads as it has in the case of industrials and public utilities.

In fact, an official of a railroad whose stock sells at high prices, and on which an 8 per cent dividend is paid, with

(*Please turn to page* 78)

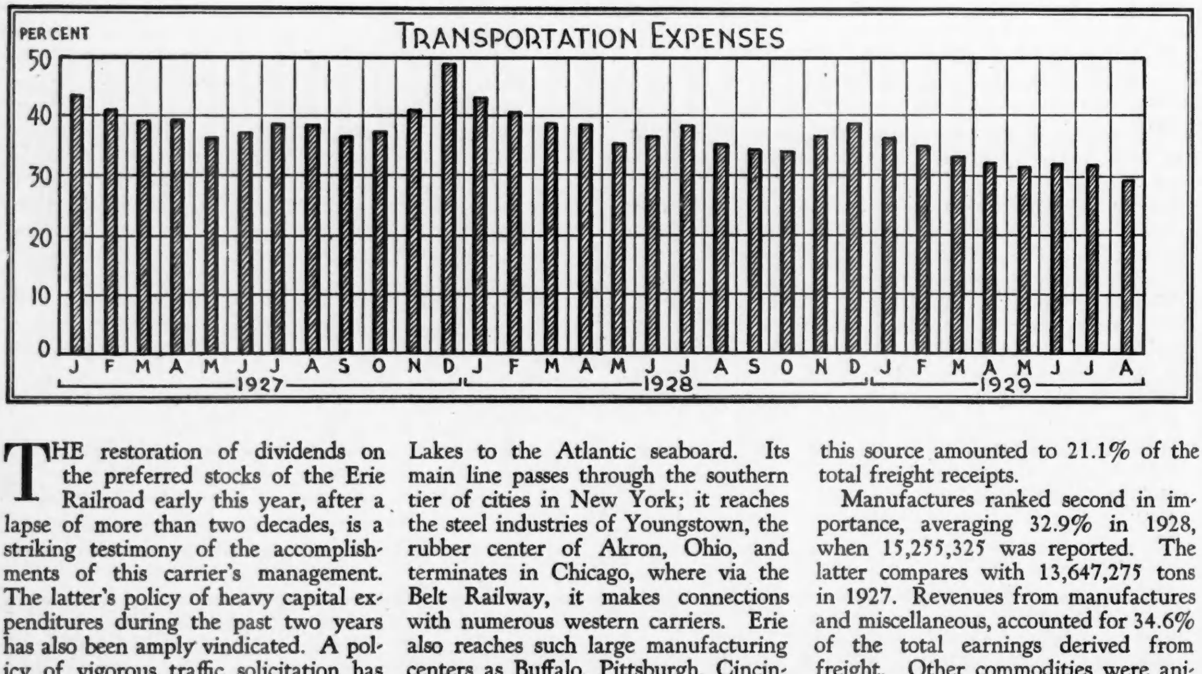


ERIE RAILROAD

Recovery Now Firmly Established

Capably Managed Road Enjoying Most Prosperous Year In Its History — Attractive Prospects for Common Stock

By HOWARD WARWICK



THE restoration of dividends on the preferred stocks of the Erie Railroad early this year, after a lapse of more than two decades, is a striking testimony of the accomplishments of this carrier's management. The latter's policy of heavy capital expenditures during the past two years has also been amply vindicated. A policy of vigorous traffic solicitation has found reflection in increased freight revenues and the greatly improved physical condition of both road and equipment, was responsible for the steady improvement in operating efficiency. The latter consideration has enabled the management to retain substantial proportions of the increase in revenues in the past two years, for net railway operating income. This phase of Erie's progress will subsequently be discussed in greater detail.

Growing Territory

The Erie Railroad is a connecting route between New York and Chicago, serving the territory from the Great Lakes to the Atlantic seaboard. Its main line passes through the southern tier of cities in New York; it reaches the steel industries of Youngstown, the rubber center of Akron, Ohio, and terminates in Chicago, where via the Belt Railway, it makes connections with numerous western carriers. Erie also reaches such large manufacturing centers as Buffalo, Pittsburgh, Cincinnati and Cleveland. Approximately 44% of its traffic originates on its own lines, the balance being received from connections. In 1928, Erie transported 46,499,854 tons of revenue freight as compared with 44,168,001 tons in 1927.

The most important group of commodities, products of mines, accounted for 52.8% of the total revenue freight. Anthracite coal is the largest commodity under the latter classification. It totaled 10,108,865 tons in 1928 and comprised 22.7% of the tonnage transported. Bituminous coal totaled 7,452,620 tons in 1928. Notwithstanding the fact that coal amounted to 38.8% of the volume of tonnage, revenues from this source amounted to 21.1% of the total freight receipts.

Manufactures ranked second in importance, averaging 32.9% in 1928, when 15,255,325 was reported. The latter compares with 13,647,275 tons in 1927. Revenues from manufactures and miscellaneous, accounted for 34.6% of the total earnings derived from freight. Other commodities were animals and products, products of agriculture and forest products. The latter averaged 2.1%, 8% and 3.2% respectively. Less carload freight averaged 2.2%. The average receipts per ton mile in 1928 were .985 cents as compared with .982 cents in 1927 and .966 cents in 1923. This increase is due to the increased tonnage of manufactures and miscellaneous freight which commands better rates.

Lower Operating Ratio

Owing to the change of management at the beginning of 1927, Erie's record is not readily comparable, with the results of prior years. In 1928, total

Erie Railroad Operating Statistics

	1928	1927	Seven months ending July 31st 1929	1928
Gross ton miles (thousands)	$27,740,127	$26,645,975	$16,340,257	$15,259,811
Freight train miles.................	10,946	11,607	6,238	6,215
Freight locomotive miles	12,946	13,932	7,256	7,356
Cars per train	68.0%	60.5%	70.2%	66.6%
Net tons per loaded car.............	24.4%	25.5%	24.4%	24.2%
Gross tons per train	2,534	2,296	2,619	2,455
Speed, miles per train hour.........	12.5%	11.7%	12.8%	12.4%
Train hours	878.797	992,252	486,703	503,221
Coal consumption, lbs. per 1000 gross ton miles	120	129	114	124
Gross ton miles per train hour.......	31,566	26,854	33,573	30,324
Car miles per freight car day.......	36.2%	30.3%	40.8%	32.2%

operating revenues were $124,976,452 as compared with $122,478,354 in 1927, an increase of $2,498,187. There was a reduction of $1,076,001 in passenger business, but freight revenues increased from $99,782,901 in 1927 to $103,490,397 in 1928. Operating expenses in 1928 were $95,362,966, a reduction of $4,901,729 over the preceding year and as a consequence operating ratio declined from 81.6% in 1927 to 73.6% in 1928. Net railway operating income increased from $12,960,700 to $20,047,159, a gain of $7,084,459. Inasmuch as this improvement was mainly due to the increased operating efficiency, the results attained by the present management lend themselves to careful analysis.

Rising Efficiency

Transportation expenses decreased from $48,738,265 to $46,954,240, a reduction of 3.65%, and maintenance of equipment was lowered by more than two million dollars. Gross ton miles (empty as well as loaded cars) increased 4.1%, showing that the company was able to handle an increased volume of business, accompanied by an actual reduction in the expense of transporting the same. This was attained with less freight locomotive and freight train mileage.

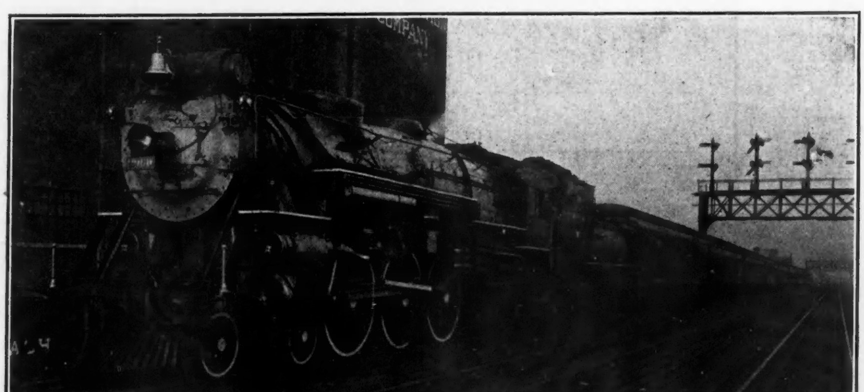
There was also a decrease of 11.4% in train hours in 1928, as compared with 1927. Inasmuch as the foregoing item reflects the principal cost of train operation, namely, wages and fuel, it is of importance to observe the progress in this direction. Consumption of coal decreased from 129 pounds per one thousand gross ton miles in 1927, to 120 pounds in 1928, a decline of 6%. In consequence thereof, Erie's coal costs were reduced $906,837 in 1928. While the capital expenditures to road contributed to the increased operating efficiency, the latter was mainly due to the use of new motive power of greater tractive effort. This permitted the movement of heavier trains, which is reflected in the increased number of cars per train. In 1928, there was reported an average of 68 cars per train, as compared with with 60.5 cars in 1927, a gain of 12.4%. Incidently, Erie reported the greatest number of cars per train in 1928 in the Eastern District, with the exception of but one road.

It is of interest to observe that speed was not sacrificed in this process, the average movement per freight train hour being 12.5 miles in 1928, as compared with 11.7 miles in the previous year. A more rapid movement of freight cars on the lines of Erie is also noted. In 1928, 36.2 miles per freight car day was attained as compared with 30.3 miles in 1927, an increase of 19.4%. This consideration is of great importance, inasmuch as there are many foreign cars on the lines of Erie and the empty movement of west bounds cars is especially heavy. Gross ton miles per train hour, the unit of railroad operating efficiency, increased 17.5% in 1928. The ratio of transportation expenses to total operating revenues was 37.57% in 1928 as compared with 39.79% in 1927.

The accompanying table not only reflects the progress of the two full years under guidance of the new management, but also indicates a continuation of this progress to date. It is of considerable importance to observe the steady improvement of fuel economies, heavier train loads, as well as daily car movements. For the seven months ending July 31st, of the current year, gross ton miles increased 7.1% over the corresponding period of 1928. Transportation expenses for the period ending July 31st, 1929, were $24,589,075 as compared with $24,246,169, an increase of but $342,096 or 1.5% over the corresponding period of 1928.

Higher Net Income

Non-operating income declined $825,607 in 1928, when $4,675,280 was reported, with the decrease mainly due to a reduction of $997,182 in dividends received from the company's coal properties. Interest charges and rentals reflected a decrease of $229,389, being $14,715,555 in 1928. The latter amounted to $14,958,938 in 1927. In consequence of this marked improvement in operating efficiency, net income increased from $3,512,649 in 1927 to $10,002,884 in 1928. Earnings per share were $4.93 in the latter year as compared with 65c in 1927.



Investment in road and equipment increased from 355.6 to 363.7 million dollars between December 31st, (*Please turn to page 59*)

LOEW'S, INC.
Deb. 6s, 1941, With Warrants.

Warrant Bond Offers Interesting Possibilities

Strong Position of Company and Rising Trend of Earnings Make Bonds Attractive

By FRANCIS C. FULLERTON

THE moving picture habit is a strong one with the American public. It has been so for many years, but with the development of the sound and talking pictures in the past two years the habit has become stronger than ever. Weekly attendance at the motion picture theatres in this country registers somewhat over 100,000,000; in other words, a large part of the population of the United States goes to a motion picture theatre on the average of once a week. The craving for entertainment and diversion is a universal one and motion pictures undoubtedly provide the means of satisfying this desire on the part of the general public.

Industry on Sound Basis

One of the noteworthy features of the motion picture industry so far as the investor is concerned is the comparative stability of the business. The attendance at the leading theatres is not subject to the wide fluctuations experienced in many other lines of business. Even in times of depression, the motion picture theatres are among the last business enterprises to suffer, and with the return of prosperity they are among the first to recover.

The outstanding development in the motion picture industry in recent years has been the talking picture or film accompanied by sound. This invention has opened up a great new field of opportunity which promises to enable the motion picture industry to rise to greater heights of achievement. A number of other improvements are now being experimented with or perfected which will further enhance the prestige of the industry. The application of color has already been made in one film with notable success, and its more general use in feature pictures will probably come during the next year. Devices to give the illusion of depth or third dimension to pictures are also well on the way, and the perfection of this will probably be the next big development in the motion picture field.

The popularity of the talking picture is clearly indicated by the sharp increase in attendance at motion picture theatres since its introduction on a large scale in the latter part of 1928. This renewed interest on the part of the public in the cinematic art comes after a three-year period when attendance was practically stationary. Another indication of the popularity of the talking pictures is the fact that this year there was practically no seasonal decline in the bookings of films during the summer months.

Mergers in Industry Probable

The favorable fundamental situation in the motion picture industry is being reflected in increasing earnings for the large companies and the prospects are for even greater earnings over future periods. This will probably come about as a result of further important developments in the industry along the lines suggested above and also through economies effected in production costs. The problem of advancing costs existed even before the advent of the talking pictures, but since that time the production costs have increased enormously. So far, this has been more than offset by the increase in attendance at the theatres and the corresponding gain in film rentals. Assuming that the gain in attendance will be maintained, as in all probability it will, the substantial savings which can be effected in production costs will mean a considerable increase in net earnings.

There has been a dis-

Growth of Loew's, Inc.

	Gross Income	Net for Fixed Charges	Times Fixed Charges Earned	Depreciated Value of Property*
1924	$42,937,269	$4,665,246	7.10	$18,841,966
1925	56,294,746	7,065,350	6.71	25,846,041
1926	62,209,579	9,137,509	6.63	34,291,146
1927	79,597,031	9,974,377	6.13	36,003,914
1928	99,260,303	11,506,819	6.31	45,707,114

* Carried at cost less heavy depreciation charges, but actual market value of properties considerably higher than stated here.

tinct movement toward concentration in the motion picture industry. Large scale operations, of course, are conducive to economies in costs and this undoubtedly is one of the reasons for the movement. Affiliations in the industry among the various large companies suggest that eventually there will be two or three large groups which will dominate the industry.

In this prospective realignment in the industry, Loew's, Inc., will probably be grouped together with Fox Film Corp. and Fox Theatres, Inc. The latter concern already owns a large block of the common stock of Loew's, Inc., sufficient to give it working control. The deal, whereby this stock was acquired, was negotiated last spring at a price considerably higher than the present on Loew's, Inc., stock. At some subsequent date, an exhange offer may be made for the remainder of Loew's stock and a complete merger accomplished. Irrespective of this development, however, the affiliation of the Loew's organization with the Fox interests tends to improve the already strong position of the former concern in the industry.

Warrants Offer Appreciation Possibility

Attractive profit possibilities for the bond investor are offered by the Loew's, Inc. 6% debenture bonds due April 1st, 1941, with warrants attached. This issue gives the holder a reasonably safe investment with the added attraction of profit possibilities in the warrants which give him the right to purchase common stock of the company.

These debentures with warrants were issued in April, 1926, in the amount of $15,000,000. The bonds are a direct obligation of the company, but are not secured by a mortgage. According to the most recent figures available, there are outstanding at present only $13,501,000 of the bonds, the remainder having been retired through the operations of the sinking fund. The sinking fund commenced October 1st, 1926, and provides for a minimum of $500,000 a year, payable semi-annually, and to be increased to a maximum amount of $1,000,000 paid in any fiscal year by an amount equal to one-half of the total cash dividend paid during the preceding fiscal year on the common stock in excess of $3,407,340, or such part thereof as will be equal to $3 per share on the common stock outstanding, plus shares issued on the exercise of stock warrants.

Bonds for the sinking fund are to be purchased at 101 and, if not available at that figure, called by lot at 101. They are redeemable at 105 and inter-

(Please turn to page 60)

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 (a)	....	...	102½GT	99	5.6	5.6
Argentine 6s, 1959 (a)	....	...	100	99	6.1	6.1
Haiti 6s, 1952 (b)	....	...	100	98	6.1	6.2
Dominican 5½s, 1942 (a)	....	...	101G	92	5.9	6.4
Chile 6s, 1960 (a)	....	...	100	90	6.7	6.8

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Pennsylvania 5s, 1964	....	3.25	102T	102	4.9	4.9
Illinois Central 4¾s, 1966	....	1.75	102½GT	97	4.9	4.9
Central Pacific Guar, 5s, 1960 (a)	....	2.25	105GT	101	4.9	4.9
Atchison, Top, & S. F. Conv. 4s, 1955	267.4	5.51	110	85	4.7	5.0
Rock Island-Frisco Terminal 1st 4½s, 1957 (d)	....	X	102½T	92	4.9	5.0
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.28	105A	99	5.1	5.1
N. Y., Chic. & St. L. Ref. 5½s, 1974 (a)	59.6	2.12	105	105	5.2	5.2
Western Pacific 1st 5s, 1946 (b)	....	1.27	100	97	5.1	5.2
Central of Georgia Ref. 5½s 1959	31.1	1.56	105AG	103	5.3	5.3
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	1.50	105	103	5.3	5.3
Nor'n Pacific Ref. & Impr. 6s, 2047 (a)	166.7	2.43	110G	112	5.3	5.3
Great Northern Gen, A 7s, 1936 (b)	139.8	2.36	....	109	6.4	5.3
Wabash Ref. & Gen. 5½s, 1975 (a)	62.4	1.75	105AG	103	5.3	5.3
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	116	5.2	5.4
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 (b)	13.9	X	107½T	107	5.6	5.5
Balt. & Ohio Ref. & Gen. 6s, 1995 (a)	284.2	2.05	107½AG	108	5.6	5.5
Minn., St, Paul & S. S. M. 1st 4s, 1938	....	1.59	....	87	4.6	6.0
Cuba R. R. 1st 5s, 1952	....	2.78	....	85	5.9	6.2

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	101	4.9	4.8
Pacific Gas & Elec. Gen. Ref. 5s, 1942	34.6	1.92	105T	101	4.9	4.9
Consol, Gas of N. Y. Deb. 5½s, 1945 (a)	....	5.40	106T	105	5.3	5.1
Columbia Gas & Elec. Deb. 5s, 1952	....	5.15	105T	99	5.1	5.1
Detroit Edison 1st & Ref. 6s, 1940 (b)	14.0	3.27	107½T	107	5.6	5.1
Montana Power Deb. 5s, 1962 (a)	34.7	2.67	105T	98	5.1	5.1
Utah Power & Light 1st 5s, 1944	....	2.90	105	99	5.1	5.1
Hudson & Manh'n 1st Ref. 5s, 1957 (b)	5.9	2.63	105	95	5.3	5.4
Postal Tel. & Cable Co. Tr. 5s, 1953	0.6	1.99	105	94	5.3	5.4
Amer. W. Wks. & El. Deb. 6s, 1975 (a)	12.7	1.43	110	105	5.7	5.7
Seattle Electric—Seattle Everett 1st 5s, 1939 (d)	....	2.01	105	94	5.3	5.8
Phil. Rap. Trans. 6s, 1962 (c)	10.0	1.31	105	93	6.4	6.5
Twin City Rap. Transit 1st & Ref. 5½s, 1952 (b) (d)	4.4	1.68	105T	71	7.7	8.3

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Youngstown Sh. & Tube 1st 5s, 1978 (a)	....	3.74	105T	101	4.9	4.9
Allis Chalmers Deb. 5s, 1937 (a)	....	4.61	108T	100	5.0	5.0
Gulf Oil Deb. 5s, 1947 (c)	....	4.59	104AT	100	5.0	5.0
International Match Deb. 5s, 1947 (a)	....	57.03	103T	97	5.1	5.2
Amer. Cyanamid Deb. 5s, 1942	....	9.52	100	97	5.1	5.3
Chile Copper Deb. 5s, 1947 (a)	....	5.69	102T	95	5.2	5.4
Sinclair Pipe Line 5s, 1942 (a)	....	3.68	103	93	5.4	5.8
B. F. Goodrich 1st 6½s, 1947 (a)	....	2.61	107A	107	6.1	5.9
U. S. Rubber 1st & Ref. 5s, 1947 (b)	2.6	1.70	105A	89	5.6	6.0
Loew's Inc., 6s, 1941 (ex-war) (a)	....	6.70	105AT	93	6.4	6.8

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 (a)	17.3	2.12	102	101	5.9	5.4
Brooklyn Edison 6s, Jan. 1, 1930 (a)	12.0	5.87	105	100	6.0	6.0
Amer. Cotton Oil 5s, May 1, 1931	....	19.32	105	98⅛	5.1	6.3

Convertible Bonds

	Conv. Into	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Inter'l Tel. & Tel. Deb. 4½s, '39	Com.@200	6.02	102½	176	2.6	...
Atch., Top. & S. F. Deb. 4½s, '48	Com.@166.6	5.51	102	152	3.0	..
N. Y., N. H. & Hart. 6s, '48	Com.@100	1.09	...	132	4.5	3.6
Amer. Inter'l Corp. Deb. 5½s, '49	Com.@80	2.34	105	106	5.2	5.0
Chesapeake Corp. Col. Tr. 5s, '47	C & O@196	2.45	100	97	5.2	5.3

All Bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

BROOKLYN UNION GAS

Metropolitan Utility Making Steady Progress

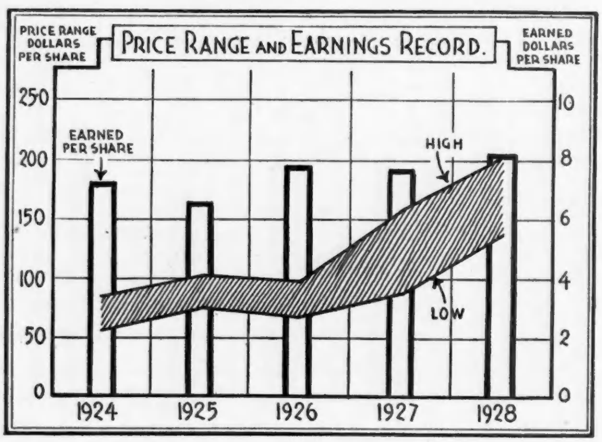
Possible Merger with Consolidated Gas Co. Lends Attraction to Stock

By RUSSEL TAYTE

OF the four services commonly considered public utilities—electricity, gas, electric railway transportation and telephone communication—gas service is the oldest. When electricity began to supplant gas as an illuminant, it was widely believed that it was the beginning of the end of the gas business. But subsequent events have demonstrated the fallacy of this notion. In fact the necessity of finding new uses for its product turned out to be a boon to the industry. It has since gone ahead steadily in output, in sales and in prosperity. More than this, the greater development of the uses to which it is already put, together with the variety of new uses being constantly found give assurance of continued growth. The gas industry has undergone a virtual rebirth within comparatively recent years which may be said to make it the youngest of the four utility services in visioning the future.

Uses of Gas Expanding

In the home, gas has, since its introduction, been an important adjutant in the kitchen for cooking, but many other uses have been developed. It is used for heating the water, warming the garage, drying the laundry, burning the refuse, heating the home, and making ice. As a fuel, gas has no superior, a fact which is becoming increasingly recognized by the public in the acceptance of gas-fired house heating. The proportion of house heating installations that go into newly constructed homes grows steadily. Only a few years ago, gas companies were the only organizations that were aggressively promoting the sale of gas-fired central heating plants. Today the manufacturers of heating equipment are vigorously competing with each other in all promotional directions.



Even more rapid than its advance in the domestic field has been the progress of gas for industrial purposes. According to an English engineer, it is used in more than 21,000 industrial processes. Nearly one-third of the output of manufactured gas is now being used for strictly commercial and industrial purposes.

The soundness of the gas industry is strikingly indicated by the fact that the gross annual sales have never shown a decrease for nearly a quarter of a century. During this period total sales have increased more than 350%, while the population of the country was increasing only 50%. The growth of the gas business has by no means approached its limit. Being the ideal fuel, it is estimated that the possibilities for replacing other fuels makes the potential market for gas 17 times the present output.

Large Operating Unit

Brooklyn Union Gas Company, one of the more prominent operating gas companies, occupies a unique position in the Greater New York area. Organized in 1895 it acquired the properties of seven smaller gas companies operating in Brooklyn. The following year, Brooklyn Union acquired the entire issues of stocks and bonds of five additional companies in this territory, physical merger of the properties being accomplished in 1927. The company now supplies gas to the greater part of the Borough of Brooklyn and to a large and growing section of the Borough of Queens.

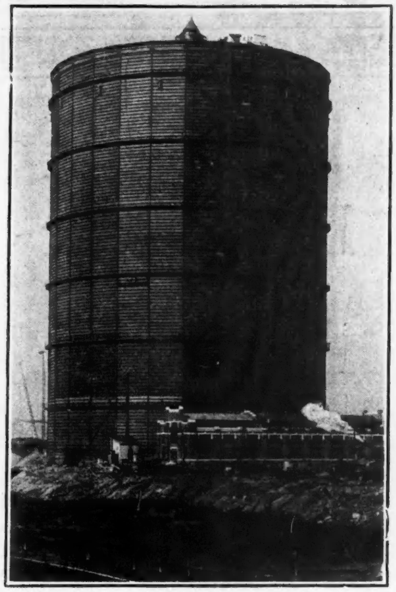
It is probable that eventually Brooklyn Union Gas will be linked up with the Consolidated Gas Company system. A merger of the two companies is logical and would result in the centralization of control of all gas and electric companies serving the metropolis. Unification of the two prop-

eries would result in greater operating economies which in turn would benefit the consumers through a reduction in rates. Last year, Consolidated Gas acquired Brooklyn Edison Co. through an exchange of its own stock for that of Brooklyn Edison. By bringing Brooklyn Union Gas into the fold, Consolidated Gas will round out its territory and form a compact electric and gas utility system.

Diversifying Uses for Gas

Over a period of years, Brooklyn Union Gas has shown an upward trend in the amount of gas sold, although individual years may be affected to some extent by warmer weather. In 1928, the amount of gas sold was 22,406,166 M cubic feet, an increase of about 13% over 1924 and 1½% above 1927. The 1928 sales, however, were below those of 1926, not because the company did not continue its steady expansion for actually the number of meters in service was greater, but largely because of the milder weather in 1928.

At the end of 1928 the company had 700,191 active meters in service showing a steady gain over a long period of years. This represents a gain of over 100,000 since 1922 when the number in service was 595,322. Building operations in the company's territory have been active and the extension of the company's distributing system of mains has kept apace. The net capital expenditures in 1928 amounted to $13,381,040, the larger portion of which covered construction work on the new water gas plant and the new coke oven plant at the Greenpoint Works. This coke oven plant has since been sold to the Koppers Co., Brooklyn Union being fully reimbursed for its expenditures, and at the same time a contract was made to buy the gas output and the coke needed for generator fuel over a period of 25 years. Plant capacity was increased by 40% in the two years 1927 and 1928.



Waterless Gas Holder at Brooklyn Union's Greenpoint Plant, one of the largest holders in the United States, having a capacity of 15,000,000 cu. ft. It is 335 feet high

Continued development has been made in the use of gas for industrial purposes. The company maintains highly trained experts who assist manufacturers in their fuel problems and demonstrate the advantages of gas for all purposes where heat is required. Special attention has been given to gas refrigeration. Many large apartments and private residences have been equipped with gas refrigerators. This appliance has long since passed the experimental stage, and the rapidly increasing demand for them attests their popularity. The company is actively promoting sales through advertising and sales campaigns, but a great many installations are made as a result of recommendation on the part of users to their friends. Gas for house heating likewise continues to grow in popularity and many installations are being made.

Earnings Growing

The most recent statement on earnings is for the year 1928. Gross operating revenues have paralleled the sale of gas, but the significant part of the company's earnings has been a steady decline in the operating expenses in the last three years. This, of course, has resulted in a considerable improvement in the operating ratio, i. e., the ratio of expenses to operating revenues. In 1928, this ratio was 73.9% as against 75.1% in 1927, and 76.4% in 1926. In 1925, the company still reported earnings on the old schedule of rates, the amount charged in excess of the statutory rates being held in a special suspense account. The high operating ratio for that year is therefore not comparable with that of the subsequent years. The improvement in operating ratio in the last three years reflects the savings made possible through the substantial expenditures in modernizing and expanding plant capacity.

Although the gross earnings in 1928 were less than 1% greater than in 1927, net to common stock increased 5.7%. Specifically, earnings on the number of shares outstanding at the end of 1928 were $8.09 as against $7.65 in 1927. Deductions from income are made to take care of maintenance and retiring property. These are based on the sales of gas and are considered liberal enough to keep the property in a high state of repair and the operating equipment at its highest efficiency. Last year these charges equalled more than $4 a share on the stock, representing that much of income put back into plant and other physical properties.

The shares of public utility companies have reached unprecedented highs this year but more recently have ex-

(*Please turn to page* 80)

Growth of Brooklyn Union Gas

	1924	1925	1926	1927	1928
Operating Revenues	$22,248,300(a)	$20,946,821(a)	$27,550,375	$25,638,348	$25,899,184
Operating Expenses, Taxes and Maintenance	19,416,833	18,730,749	21,051,521	19,295,778	19,149,974
Ratio to Operating Revenues	87.3	89.4	76.4	75.1	73.9
Operating Income	2,373,215	1,685,785	5,895,323	5,834,076	6,062,025
Net Income on Common	3,442,651(b)	3,205,285(b)	3,996,011	3,911,558	4,134,726
Earned per Share	7.13	6.31	7.83	7.65	8.09
Total Gas Sold (M. cu. ft.)	19,792,761	20,391,676	23,487,114	22,086,163	22,406,166
Number of Meters	636,493	652,589	672,365	688,370	700,191

(a) For 1924 and 1925, operating revenues based on statutory rates.
(b) Includes amounts charged in excess of statutory rates held in suspense account.

INDUSTRIALS

Unique Plans for Profitable Investment

Fifteen Groups

¶ Bonds for safety of principal and income
¶ Preferred Stocks for income and price appreciation
¶ Common Stocks for price appreciation

PARTLY as a result of lowering money rates, but more largely, perhaps, by reason of the unfortunate developments in the stock market during the past month or so, investors have once more begun to turn their attention to fixed income producing securities. The bond market has lately manifested more resiliency than for many, many months. But while there are now strong indications that bonds are regaining lost investment favor, the reversion to the fixed income class of securities, as yet, has not spread appreciably to investment preferred stocks. The latter, like bonds, come into greater favor in periods when money rates are declining. Over the past few years, the diversion of public interest to common stocks had an even more pronouncedly adverse effect upon preferred stocks than bonds. Thus, while bond yields have been brought to a decidedly attractive basis by virtue of the negligible demand and declining price levels of the past several months, sound preferred stocks are available to yield still more liberal returns.

At the present time, circumstances have combined to make for numerous opportunities in all three general classes of securities, common stocks, preferred stocks and bonds. In the case of the last two, attractive issues are available at reasonable prices for the causes already briefly outlined. In the case of common stock, a major stock market readjustment has brought the price level of numerous sound issues once more within buying ranges.

* * * * *

Combination investments afford an ideal method of reaping the fullest advantage from this situation. Obviously, if the common stock of a given company may be regarded as a desirable holding, it follows that the senior issues of that same corporation must also be entitled to good ratings. But common stocks entail an element of risk, while the senior issues are decidedly more stable. The common stock risk may, however, be minimized by diverting a portion of one's fund from a complete to a partial investment in the latter, at the same time that the balance is utilized to purchase the bonds and preferred stocks. Aside from the greater stability of market valuation that the latter contribute to a group commitment, they usually also enhance the income return, especially under present-day conditions where good common stocks return rather small yields while bonds and preferred stocks are on a relatively high yield basis. In those instances where no common dividends are being paid, the addition of a bond or preferred stock, as the case may be, will enable the holder to participate in the market possibilities of promising common stocks with a smaller sacrifice of income than would obtain were the common stock alone employed as the vehicle of investment.

In addition to the above advantage, combination or group investments are desirable from other standpoints. They constitute a compromise, so to speak, between extreme diversification of holdings, on the one hand, and too great concentration, on the other. Thus, the holder of such a group investment as the Public Service of New Jersey bonds and stocks suggested in the following table, will have a sound bond for safety, an attractive preferred stock for yield and a dividend paying common stock to be held for price enhancement and eventual increase in income return. While the purchase of all three classes means concentration upon the securities of one company, at the same time, a fair degree of diversification is accomplished by spreading the investment over the three general types, bonds, preferred stocks and equity issues, thereby limiting the stock market hazards entailed in confining an investment solely to the common stock.

* * * * *

A higher degree of diversification may be obtained by selecting more than one group, either in the same or unrelated industries. In fact, the suggestions offered herewith are intended primarily with this purpose as the principal objective. Combinations of the sort illustrated here, however, overcome this difficulty, for they provide an opportunity to spread funds liberally over the bonds and stocks, and at the same time permit limiting attention to a small number of companies and industries.

Fifteen Attractive Investment Combinations

Amount	Company	Approximate Cost	Cash Income		COMMENT
	Group 1—Railroad				
	Atchison, Topeka & Santa Fe				Strong combination, securities in each class being entitled to highest investment rating. Mediocre average yield compensated by possibility of larger common dividend over long term with attendant price appreciation in junior stock. Also room for price enhancement in bonds.
$1,000	Rocky Mountain Div. 1st 4s, 1965	$ 340	$ 40		
10 shares	5% N. C. Preferred stock	1,030	50		
10 shares	Common stock	2,430	100		
	Total	$3,800	$190	Yield, 5.00%	
	Group 2—Railroad				
	Baltimore & Ohio R. R. Co.				Group containing price enhancement possibilities in all three securities based on moderate undervaluation of bonds and preferred stock in normal investment market. Common also seems to have been carried out of line by general market conditions, since recent dividend increase to current $7 rate.
$1,000	Refunding & General 6s, Ser. C, 1995	$1,080	$ 60		
15 shares	Non-cum. Preferred stock	1,170	60		
10 shares	Common stock	1,150	70		
	Total	$3,400	$190	Yield, 5.59%	
	Group 3—Miscellaneous Manufacturing				
	Chicago Pneumatic Tool				Largest manufacturer of pneumatic tools. Fairly consistent earner. Position further improved by diversification of activities. Common speculative but undervalued in relation to developed earning capacity. Combination in which income from bond and preferred stock compensates for lack of return while holding speculative position in common. Preferred convertible into common, share for share.
$1,000	Sinking Fund Debenture 5½s, 1942	$1,000	$ 55		
20 shares	Conv. $3½ Cum. Preferred stock	1,100	70		
20 shares	Common stock	700	...		
	Total	$2,800	$125	Yield, 4.46%	
	Group 4—Food				
	Continental Baking Corp.				Speculative group, attractive on basis of steady improvement in company's earning power and financial position under present management. At current levels around 7 times indicated 1929 per share earnings, common appears promising long pull speculation. Possibility that preferred will eventually be called at redemption price of $110 a share to pave way for resumption of common dividends.
15 shares	8% Cumulative Preferred stock	$1,380	$120		
15 shares	Common stock	600	...		
	Total	$2,040	$120	Yield, 5.88%	
	Group 5—Merchandising				
	Drug, Inc.				Bonds, issue of subsidiary of Drug, Inc., combine attractive yield with possibility of price enhancement and lend stability to the combined holding, which represents strong company having good prospects for long pull.
$1,000	United Drug Co. S. F. 5s, 1953	$ 940	$ 50		
10 shares	Drug, Inc. Common stock	1,020	40		
	Total	$1,960	$ 90	Yield, 4.59%	

(Please turn to page 30)

Fifteen Attractive Investment Combinations

(Continued from page 29)

Amount	Company	Approximate Cost	Cash Income		COMMENT
	Group 6—Food & Paint				
	Glidden Company				Following successful upbuilding of its paint and varnish business in late years, company has more recently branched out into food products industry with good results. Preferred seems undervalued as investment while common contains long term potentialities of speculative order. Stock divs. increase yield above indicated cash return.
10 shares	7% Cum. Prior Preferred stock	$1,040	$ 70		
15 shares	Common stock	510	*30		
	Total	$1,550	$100	Yield, 6.45%	
	*Not including 1% extra in stock.				
	Group 7—Tobacco				
	Liggett & Myers				One of leading cigarette manufacturers benefiting substantially from cessation of price war. Prospect for larger earnings does not appear fully discounted in either bond or common stock prices from longer term investment standpoint.
$1,000	Debenture 7s, 1944	$1,180	$ 70		
10 shares	Class B stock	980	50		
	Total	$2,160	$120	Yield, 5.56%	
	Group 8—Food				
	Loose-Wiles Biscuit				Consistent yearly expansion of earning power renders common stock of this second largest biscuit manufacturer desirable holding for long pull. Preferred divs. pull up average yield on group commitment.
10 shares	7% Cumulative First Preferred stock	$1,170	$ 70		
10 shares	Common stock	650	26		
	Total	$1,820	$ 96	Yield, 5.27%	
	Group 9—Food				
	National Dairy Products				One of foremost companies in ice cream and dairying industry. Well developed and stable earning power with good prospects for long term expansion. Bonds, as well as stock, appear to have possibilities for price enhancement. Income return larger than indicated cash yield owing to payment of additional divs. in stock.
$1,000	Debenture 5¼s, 1948	$ 970	$52.50		
15 shares	Common stock	750	*22.50		
	Total	$1,720	$75.00	Yield, 4.35%	
	*Not including 5% payable in stock.				
	Group 10—Railroad				
	New York, Chicago & St. Louis				Group commitment in strong rail, affording relatively attractive return from senior securities, which have room for moderate price appreciation, along with speculative possibilities in a common stock of high fundamental investment quality.
$1,000	Refunding Series A 5½s, 1974	$1,030	$ 55		
15 shares	6% Cumulative Preferred stock	1,605	90		
10 shares	Common stock	1,680	60		
	Total	$4,315	$205	Yield, 4.75%	

(Please turn to page 31)

Fifteen Attractive Investment Combinations

(*Continued from page 30*)

Amount	Company	Approximate Cost	Cash Income		COMMENT
	Group 11—Railroad				
	New York, New Haven & Hartford				Preferred stock callable at $115 but addition to group brings up average yield. Moreover, right to convert preferred into common share for share protects holder against possibility of loss between current price and call figure in event issue is redeemed, since preferred could be exchanged for the junior issue. Price appreciation possibilities in all three securities.
$1,000	Secured S. F. Debenture 6s, 1940..	$1,040	$ 60		
10 shares	7% Cum. Conv. Preferred stock..	1,300	70		
10 shares	Common stock................	1,140	50		
	Total	$3,480	$180	Yield, 5.17%	
	Group 12—Public Utility				
	Public Service of New Jersey				Preeminently an investment group in which the income from bond and preferred stock tend to offset the small current return on the common during period that the latter is developing ultimate possibilities. Bond is issue of principal electric subsidiary.
$1,000	Pub. Serv. Gas & Elect. 1st & Ref. 5s, 1965	$1,020	$ 50		
10 shares	Pub. Serv. N. J. 8% Cum. Preferred stock	1,500	80		
10 shares	Pub. Serv. N. J. Common stock..	900	26		
	Total	$3,420	$120	Yield, 3.53%	
	Group 13—Petroleum				
	Pure Oil Corp.				Group combining investment qualities of bond and preferred stock affording liberal and well secured income return with fairly conservative speculation in an oil stock with possibilities of moderate price appreciation in good petroleum share market.
$1,000	Sinking Fund 5½% Notes, 1937...	$ 980	$ 55		
10 shares	8% Cum. Preferred stock.......	1,140	80		
30 shares	Common stock................	840	45		
	Total	$2,960	$180	Yield, 6.08%	
	Group 14—Petroleum				
	Standard Oil of New Jersey				Unquestioned leader in the oil group. Recent performance of common stock marketwise gives issue a speculative appeal, while addition of commitment in bonds brings up the current income return.
$1,000	Debenture 5s, 1946..............	$1,010	$ 50		
15 shares	Common stock................	975	30		
	Total	$1,985	$ 80	Yield, 4.05%	
	Group 15—Petroleum				
	Shell Union Oil Corp.				Affiliated with Royal Dutch-Shell group. One of the strongest oil companies, well integrated and among few having nation-wide distributing facilities. Bonds of high investment rating. Common a conservative speculation with attraction primarily for patient holder.
$1,000	Debenture 5s, 1947..............	$ 950	$ 50		
20 shares	Common stock................	500	28		
	Total	$1,450	$ 78	Yield, 5.38%	

Six Opportunities for Profit

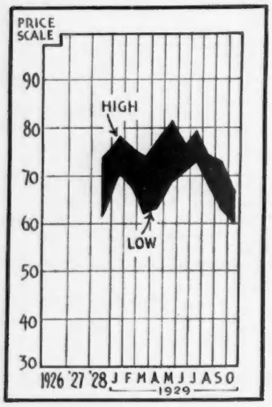
In Stocks Selling Under $100 a Share

The securities analyzed in this feature have been selected with the greatest care and represent sound companies favorably situated in their respective industries. They possess strong possibilities for market appreciation over a reasonable period of time.

General Foods Corp.

MANY food specialties that enjoy nation-wide popularity are included in the rather wide range of products that now make up the salesman's kit of the General Foods Corp., successor to an enterprise that runs back almost 35 years.

It took less than six years for the old Postum Co., Inc., to build up its capital structure from 200,000 shares of no par value common stock to the 5,200,076 shares outstanding when the present name became effective July 24th this year. The expansion included two stock dividends of 100% and a two for one split up.



The currently outstanding 5,346,901 shares, sole obligation of the corporation, have a market worth around recent price levels of more than $330,000,000. Acquisitions now under way are expected to increase the outstanding amount to approximately 5,506,000 shares by the end of the year. The authorization is 6,000,000 shares.

The original, country-wide popularity built around "Postum," "Grape Nuts" and "Post Toasties" has been extended in the last four years to include such nationally advertised brands as "Jell-O," "Swans-Down Cake Flour," "Minute Tapioca," "Log Cabin" syrup, Walter Baker's cocoa, chocolate and cocoanut, Richard Hellman's mayonnaise, "Maxwell House" coffee, "La France" laundry tablets and powders, "Calumet" baking powder, "Certo" concentrated fruit products, etc.

Recent acquisitions embrace the oyster industry and a wholesale packing and food distributing firm, to whose products a subsidiary's special freezing process is being adapted for preservation and distant shipping.

The consolidated net income for last year, including earnings of the subsidiaries from date of acquisition, was $14,555,700, equal to $3.11 a share on the stock outstanding at the end of the year. This compared with $11,368,200 in 1927, $11,317,400 in 1926 and $4,684,200 in 1925.

Earnings for the first half of this year amounted to $9,848,057 or $1.89 a share, compared with $7,426,630 or $2.14 on a smaller number of shares in the same period of 1928. It is estimated that sales for this year will reach $150,000,000, a gain of around $50,000,000 over 1928. Full 1929 profits are expected to be not far from $4 a share on the suppositional 5,506,000 shares to be outstanding.

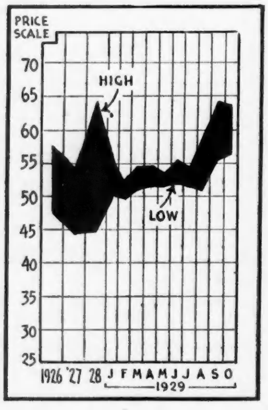
Current assets, as of June 30th this year, were $41,925,719, including $11,626,895 cash, call loans and marketable securities and $12,741,361 receivables. Current liabilities of $8,907,897 left working capital of more than $33,000,000. The capital stock has a book value of $10.78 a share.

The strong financial position of the corporation, which should substantially improve with the record breaking acquisition program giving way to concentration on operating economies, logically opens the door for the more liberal treatment of the stockholders.

The $3 annual dividend affords a yield of close to 6% on the current market price around 48 which appears reasonably attractive for long term commitment.

Royal Dutch Co.

A HOLDING company whose combined operating affiliates are familiarly known as the Royal Dutch-Shell Group, the Royal Dutch Co. is a prominent member of that exclusive and limited assemblage of oil companies with world-wide ramifications and activities. The company's influence extends to every important petroleum producing sector of the world and measured in the aggregate volume, its crude oil output is greater than that of any other company, being equivalent in 1928 to about 12½% of world production.



Realizing the advantages to be gained through diversification and more complete integration of operations, practically all of the larger oil companies have, during the past several years, been engaged in extending the scope of their activities and territory. In no instance, however, has this tendency been more pronounced than in the case of Royal Dutch. Some measure of the progress of the company in that direction is afforded by the fact that during the past two years over $230,800,000 has been expended by the Shell Union Oil Corp., alone, the latter constituting the American interests of the Royal Dutch-Shell Group in which is vested control of 72% of Shell Union's common stock. Every phase of Shell Union's business, as a consequence has been materially broadened and it is today not only one of the leading integrated companies but is one of the most aggressive contenders in establishing a national marketing and distributing organization. Obviously, the parent company will share profitably in that situation.

Notable progress has also been made by Royal Dutch in other important markets and producing centres, particularly in Venezuela, the company's properties in that country producing over 20 million more barrels of crude oil in 1928 than in the previous year. The enlarged Venezuelan

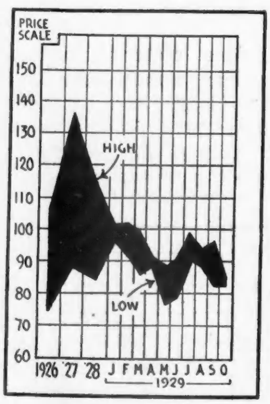
production has set the pace for expansion in other departments and has been accompanied by increased refining and transportation facilities. That the company's development has been given its greatest acceleration during the past two and a half years, years in which the oil industry has been confronted with a number of serious problems, may be taken as a manifestation of confidence on the part of the management in the future outlook.

Due to the company's policy of reporting only that portion of earnings received in the form of subsidiary dividends, it is impractical to make an analytical conclusion based on annual reports. Earnings in 1928 amounted to $3.32 per "New York" share, contrasting with $3.27 per share in each of the two preceding years. The 222,000 so-called "New York" shares were issued against the deposit of 74,000 shares of ordinary stock having a par value of 100 florins, of which there are $199,248,000 par value outstanding in addition to $11,457,000 4½% priority shares and $603,000 4% preference shares.

In 1928, dividends totalling $3.20 were paid on the "New York" shares and $3.21 to date this year. Assuming no further disbursements, the shares yield about 6.00% at existing levels around 48, and, in the light of the company's dominating position and impressive progress they would appear distinctly attractive for income alone, to say nothing of the possibilities for eventual price appreciation in step with the more stabilized conditions in prospect for the general oil industry.

Lehigh Valley Railroad

PRIMARILY considered as a coal carrier, the Lehigh Valley Railroad has nevertheless maintained its gross revenues for much of this year at an average increase of 2.3% over last by other classes of freight. Although anthracite haulage forms nearly half of the road's freight traffic, the decline in these shipments has been more than made up, as reflected in the total of $47,137,429 gross for the first eight months of this year as against $46,060,897 for the same period of last year.



This gain of more than a million dollars was not helped by the August shipments which resulted in the lowest gross revenues for that month in recent years, amounting to $6,413,675 against $6,527,407 for August, 1928. The first half of September, however, is reported to have shown a return to the moderate expansion in traffic.

Moreover, the anticipated increase in coal shipments in the last quarter of this year, due to the normal seasonal gain and to the fact that buyers have been delaying their purchases until late, and maintenance of the expansion in traffic from sources other than anthracite, should substantially improve receipts for the last quarter and consequently for the full year.

It is encouraging to note, also, that regardless of the August gross dropping off somewhat from last year, the net operating income showed a gain, $1,580,201 comparing with $1,529,035 for August, 1928. The net operating income for the first eight months of this year amounted to $8,082,650, a gain of $1,204,067 over the same months of 1928. This improvement in earnings started in the second quarter of last year and has continued in the successive quarters up to the June quarter of this year, when they were unduly cut by increased charges for maintenance of equipment and way and structures, repairs having long been held to the minimum.

Indications so far this year point to earnings of at least $6.70 a share for the twelve months. This compares with actual earnings of $5.48 for 1928, $3.52 in 1927 and $8.27 a share in 1926, the peak year for most roads.

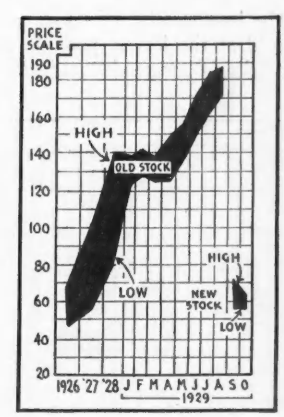
The road has a direct funded debt of $89,936,000 and guarantees $48,739,000 bonds of controlled companies. There is still outstanding $106,300 10% cumulative preferred stock of $50 par value. The common stock of $50 par value is outstanding to the amount of $60,501,700 of an authorization of $80,000,000.

The Pennsylvania Railroad holds slightly more than 30%, and the Wabash about 19% of Lehigh common, and the Pennsylvania also holds more than 40% of Wabash common. The Lehigh Valley has been included in a trunk line merger proposed by the Wabash. The strategic position of Lehigh gives it much prominence for inclusion in any realignment that may finally be allowed by the Interstate Commerce Commission, a subject of strenuous competition just now among the Big Four.

Based on current market quotations in the neighborhood of 80, the shares are selling about 12½ times indicated earnings and while this ratio may appear somewhat high in contrast with other representative rail issues, it is not without reason. This reason may be found in the strategic position occupied by the road in relation to merger possibilities. While the latter must of necessity remain somewhat indeterminate, they hold forth sufficient promise to lend interesting qualities to the stock as a longer pull proposition.

Frank G. Shattuck Co.

"OPERATING the Schrafft's Stores," a chain of popular and distinctive restaurants, the Frank G. Shattuck Co. has displayed a record of well conceived and orderly expansion accompanied by consistent yearly gains in both gross and net earnings. At the present time 34 stores located in Boston, Syracuse and Greater New York, comprise the company's chain and it is expected that the largest unit, now in the course of construction in New York City and accommodating 1,000 patrons, will be opened before the end of the year. High quality and prompt service rather than popular priced food and confections has been the policy upon which the company's business has been developed and consequently a high type of patronage is attracted. As a result the business does not lend itself to broad expansion to the same extent as a grocery or drug chain. Nevertheless, the principal urban centers offer a sufficient scope for considerable future growth and it is understand that present plans call for the establishment of stores in Chicago, Detroit, Philadelphia, Cleveland and other large cities.



The close relationship which has existed for sometime between the company and the W. F. Schrafft & Sons Corp. recently culminated in the absorption of the latter by Shat-

tuck. The company will now have exclusive use of the "Schrafft" name, around which a valuable asset of good-will has been built, and with activities thus broadened to include the manufacture and sale of chocolates as well as its own ice cream, other confections and bakestuffs, it becomes a self-contained enterprise.

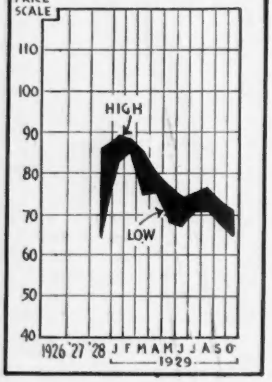
The aforementioned consolidation, involving the payment of $8,750,000 in cash and 65,000 shares of stock was financed by the sale to stockholders of 175,000 shares of stock at $50 per share in the ratio of one share for each six held. As a result outstanding capital stock, which incidentally constitutes the only capital liability of the company aside from $852,750 real estate mortgages, has been increased to 1,290,000 shares. A 100% stock dividend was paid earlier in the current year.

It is estimated that the combined sales of the two companies this year will substantially exceed $25,000,000 of which more than $18,000,000 will be contributed by Shattuck. Sales of the latter registered a gain of nearly 14% in the first eight months of this year over the same period of 1928 and the gain in net profits was about 15%, with the total being equal to $1.41 per share on the 1,050,000 shares outstanding on August 31st. Inasmuch as the company in the past has transacted almost 40% of its annual business in the last four months, it appears quite probable that profits for the full 1929 year, enhanced by those of the recently acquired Schrafft Co., will be in the neighborhood of $3,500,000 or about $2.75 per share.

Paying a modest dividend of $1, a conservative policy dictated by the desire to conserve liquid resources in furtherance of plans for expansion, the shares offer rather limited appeal from the standpoint of income return at current levels around 50. On the other hand, the company's progressive record, high type of management, well enforced financial position and important banking sponsorship, are factors worthy of consideration by the investor seeking the type of issue destined for steady appreciation in value over the longer period.

General Mills, Inc.

THE flour milling industry in America, according to James F. Bell, president of General Mills, Inc., is committed to one great purpose: "The production of the best quality of flour, in the greatest possible quantity, sold at the lowest possible price." Ranking as one of the leading flour producers in the world and with plants located in all of the principal grain producing sections of the country, the General Mills, Inc., is admirably situated to fulfill its part in this program of the industry.



Organized less than a year and a half ago, General Mills brought into a single organization, the Washburn-Crosby Co. and four other companies with a combined daily output capacity of 63,575 barrels of flour and a storage capacity for nearly 20,000,000 bushels of wheat. Since that time the company has brought other companies to its fold, including the Larrowe Milling Co., one of the more important manufacturers of cattle and poultry feed. These acquisitions have conveyed General Mills rapidly to the fore and at the present time properties consist of twenty flour mills, nine feed mills, two cereal plants and 233 elevators, effectively distributed so as to permit of substantial savings in manufacturing and distributing costs. In addition to its strong domestic position, it is also a large exporter of flour.

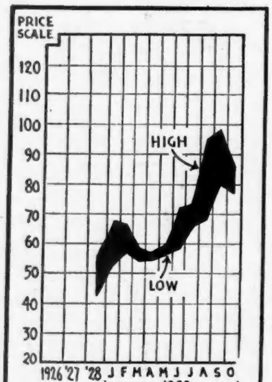
A phase of the company's business which should play an important role in its future growth is the maintenance of an active and efficient research department under the supervision of a recognized authority on cereal chemistry. This department is understood to have recently perfected a process from which it is expected handsome royalties will eventually accrue. Although flour manufacture is the backbone of the enterprise, such specialties as cattle and poultry feed, breakfast cereals and cake and pancake flour, upon which the margin of profit is wider, lend themselves favorably to sales development and it is not unlikely that future profits from this source will be larger.

The company has no funded debt, capitalization being made up solely of 229,308 shares of 6% preferred stock having a par value of $100 and 676,079 shares of no par common stock. The first annual report covering operations for the fiscal year ended May 31st, 1929, showed net earnings of $4,154,786 or $4.57 per share on the common stock now outstanding. It is to be borne in mind, however, that the earnings of new companies acquired subsequent to the original consolidation cover only five of the twelve months. At last reports, the company's financial position was entirely satisfactory and it is authoritatively stated that profits in the current fiscal year will approximate $8 per share.

Regular dividends are being paid on the common at the rate of $3 per share annually and an extra of 50 cents was paid in July of this year. As the company and its securities become more seasoned, the shares would seem entitled to sell higher in relation to earnings and as a typical business man's investment, General Mills common, affording an equity in the leading company in a fundamental industry, should prove a satisfactory long term holding. Recent price 65.

Pacific Gas & Electric Co.

REPORTED merger discussions centering around several of the large public utility companies operating on the West Coast have recently directed attention toward the investment possibilities of those enterprises. Prominent among the companies mentioned in the newest crop of prospective consolidations is the Pacific Gas & Electric Co., the largest public utility on the Pacific Coast.



Serving more than a million consumers in about 400 municipalities throughout the northern and central sections of California, the record of the Pacific Gas & Electric Co. typifies that of a well managed utility. Both gross revenues, of which about two-thirds is derived from the sale of electric power and light, and net income have registered progressive gains for a number of years past, operating efficiency has shown steady improvement and huge sums have been expended for new plants and facilities.

During the past several years, the company has spent in the neighborhood of $150,000,000 for major improvements and additions and the budget for the current year

involves an outlay of about $30,000,000. It is understood that the program as contemplated will be completed in the near future but of greater interest to stockholders, however, is the probability that the effect of these expenditures upon earnings will be an increasingly beneficial one.

At this time the capital structure of Pacific Gas & Electric is made up of a funded debt totalling $206,926,200, followed by $82,247,075 first preferred stock and $78,202,000 common stock, 25% of the latter being owned by the Standard Gas & Electric Co. Both issues have a par value of $25. The bulk of the first preferred stock carries a dividend of 6% and there is a comparatively small amount of 5½% stock outstanding. The present rate on the common is $2 per share annually. In each year since 1926 common shareholders have been given the privilege to subscribe for additional stock at a price which permitted them to supplement dividends by the sale of these rights if they so desired.

Operating revenues in 1928 were more than 2½ times those for 1918 and net income was equivalent to $3.05 per share on the common stock outstanding at the end of the year, comparing favorably with $2.68 per share earned in 1927. The upward trend in earnings has been sustained in the current year and for the nine months ending September 30th, net income was equal to $2.77 per share on the average number of shares of common outstanding during that time. On the same basis earnings for the corresponding period of 1928 were equivalent to $2.41 per share and the average amount of stock was considerably less than was the case this year. Incidentally, it might be mentioned at this point that these earnings are computed after the company has made a conservative allowance for depreciation, that item averaging about 8% of gross.

The common stock has had a price range this year of 53⅝ low and 98¾ high. At existing quotations around 66, the shares are selling considerably below the high, a situation which may be largely attributable to general market conditions rather than to any adverse developments in connection with the company. The rumored merger previously referred to, linking Pacific Gas & Electric Co., with the Southern California Edison and the Pacific Lighting Co. has a well founded basis as a logical possibility. Actual developments in that connection would find tangible reflection in the market value of the stock which, even on its own merits, does not seem overvalued in contrast with other sound public utilities. Held with reasonable patience shares should bring desirable results.

Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	87	4.6
Union Pacific	4 (N)	41.17	39.85	46.32	No	84	4.8
Atchison, Top. & S. Fe	5 (N)	48.83	40.47	40.21	No	103	4.9
Southern Railway	5 (N)	39.33	36.17	32.11	100	99	5.1
Baltimore & Ohio	4 (N)	48.41	38.44	49.44	No	79	5.1
Pere Marquette Prior	5 (C)	68.77	64.08	75.60	100	97	5.2
Wabash "A"	5 (N)	11.86	6.87	9.24	110	93	5.4
N. Y., New Haven & Hart	7 (C)	....	22.05	34.40	115	129	5.4
St. Louis Southwestern	5 (N)	12.00	9.30	8.84	No	90	5.6
N. Y., Chicago & St. Louis	6 (C)	24.65	20.31	17.68	110	107	5.6
Colorado & Southern 1st	4 (N)	52.56	57.76	49.45	No	69	5.8
Colorado & Southern 2nd	4 (N)	48.50	53.76	45.46	No	70	5.8
Kansas City Southern	4 (N)	10.86	9.04	14.01	No	67	6.0
**St. Louis, San Francisco	6 (N)	16.12	15.28	17.44	115	94	6.4
Missouri, Kans. & Tex	7 (C)	....	13.06	16.34	110	103	6.8

Public Utilities

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Public Service of New Jersey	8 (C)	§21.46	§16.28	20.92	No	150	5.3
Columbia Gas & Electric	6 (C)	27.81	25.42	30.78	110	108	5.6
Philadelphia Co.	3 (C)	24.20	28.28	16.55	No	52	5.8
American Water Works & El.	6 (C)	22.63	24.30	31.05	110	102	5.9
Federal Light & Traction	6 (C)	41.51	39.67	49.93	110	100	6.0
Standard Gas & Electric	4 (C)	20.00	16.76	14.07	No	65	6.2
Electric Power & Light	7 (C)	13.83	16.21	17.00	110	107	6.5
Hudson & Man. R. R. conv.	5 (N)	40.32	40.70	37.02	No	77	6.5
Postal Tel. & Cable	7 (N)	....	....	7.19	110	101	6.9
Continental Gas & Elec. Prior	7 (C)	26.28	32.71	22.39	110	100	7.0
Amer. & Foreign Pow. 2nd	7 (C)	8.89	3.58	5.33	105	95	7.4

Industrials

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Bethlehem Steel Corp	7 (C)	20.84	16.32	19.16	No	125	5.6
Mathieson Alkali Works	7 (C)	67.86	74.06	84.50	No	122	5.7
Case (J. I.) Thresh. Mach	7 (C)	29.39	38.43	32.59	No	119	5.9
Deere & Co.	7 (C)	23.22	25.74	29.52	No	118	5.9
Brown Shoe	7 (C)	29.69	44.12	35.27	120	117	6.0
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	117	6.0
General Cigar	7 (C)	51.26	67.32	62.81	No	116	6.0
American Locomotive	7 (C)	20.88	16.60	10.83	No	115	6.1
Crucible Steel	7 (C)	26.19	22.47	22.54	No	112	6.3
Bucyrus-Erie	7 (C)	....	....	39.34	120	112	6.3
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	111	6.3
International Silver	7 (C)	24.39	30.82	27.48	No	110	6.4
Spicer Mfg. conv.	3	58.54	74.42	26.00	57½	47	6.4
Associated Dry Goods 1st	6 (C)	27.67	24.10	24.55	No	92	6.5
Goodrich (B. F.) Co	7 (C)	13.96	39.19	10.36	125	106	6.6
Radio Corp. of Amer	5 (C)	....	....	5.36*	100	76	6.6
American Sugar	7 (C)	14.08	7.97	14.60	No	106	6.6
U. S. Smelting, Ref. Mining	3.5 (C)	6.25	6.28	8.43	No	53	6.6
Glidden Co. Prior	7 (C)	23.91	32.69	32.69	105	104	6.7
General Cable Co	7 (C)	27.69	25.72	25.92	110	105	6.7
Bush Terminal Debentures	7 (C)	16.81	18.88	20.55	115	104	6.7
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	99	6.9
Commerce Investm. Trust 1st.	6½ (C)	27.72	24.36	45.50	110	94	6.9
Tidewater Asso. Oil conv.	6 (C)	13.35	7.35	19.49	105	86	7.0
Goodyear Tire & Rubber	7 (C)	11.83	18.80	18.90	110	100	7.0
Loew's Inc.	6½ (C)	....	....	57.12	105	92	7.1
International Paper	7 (C)	11.31	7.42	4.53	115	93	7.5

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock.

* Six months ended June 30, 1929.

PHILLIPS PETROLEUM

Natural Gas Developments Augment Earnings

Expansion Program Rounding Out Oil Unit and Diversifying Activities

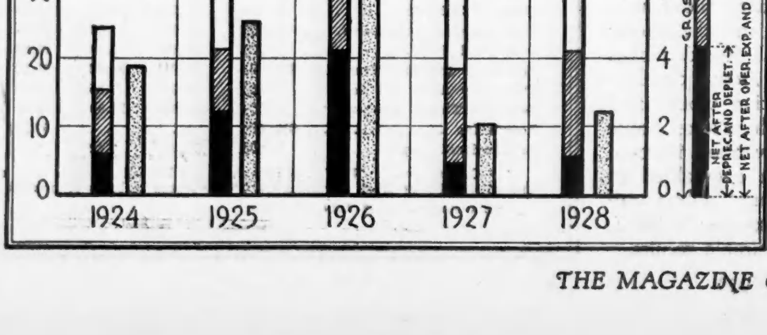
By Ward Gates

PERHAPS no present day industry is more characteristically American than that of petroleum. Not only is it one of the first in importance in this country, but its development here is considerably greater than in the rest of the world combined. The last decade has witnessed an amazing expansion of this industry in the United States. But despite the stimulating effects which this development should have exerted upon the industry as a whole, strangely enough it cannot be said that it has been experiencing a large measure of prosperity. Rather, profits in the industry have been very much on a catch-as-catch-can basis in recent years. . The situation may tritely be explained by the word "overproduction," with particular reference to crude oil output.

So long has this spectre of "overproduction" hung over the oil industry that finally compensatory conditions have arisen within the industry itself which tend to nullify the effects thereof. Increased efficiency and tremendous strides in general process improvement over the past few years have brought profits to those companies whose managements have been alert enough to see that the direction of prosperity lay not so much in the vicissitudes of the price of crude oil as in the reduction of production costs. Revenues of the leading oil companies, and hence profits, come largely through the sale of gasoline and to a smaller extent from kerosene, fuel oil, lubricants and a long list of miscellaneous by-products, and not from selling crude oil. Crude oil and its price is largely an intra-industrial matter.

The leading companies are now generally engaged in all phases of the industry, being producers of crude, as well as refiners and sellers of petroleum products. It is evident, therefore, that the real measure of the prosperity of these companies rests with the prices the finished products command. The old notion that the prosperity of the leading companies depends upon crude oil prices must therefore be discarded. The real problem, instead, is the overproduction of finished products and consequent weakness in the prices of these, which reduce the profits of the large well integrated companies in the industry. The last three years has been a trying one for the industry, but fundamentally its position is now much stronger than it has been for many years. The extent of the improvement this year is indicated in a recent compilation which shows that the net profits of 26 oil companies were 80% higher during the first six months of 1929 than they were for the first half of the previous year.

Phillips Petroleum Co. stands in the front rank among the so-called independent companies. In addition to being one of the important producers of crude petroleum, with more than 2,800 wells, the company's activities are sufficiently diversified within the industry itself to assure it from a comparative viewpoint a considerable degree of stability. The gross crude production of the company at the end of June was averaging about 50,000 barrels daily but this has since been in-



creased somewhat by the completion of several large wells in the Texas Panhandle district. Very little profit has accrued from this source in the last two years, however, due to the general condition of overproduction and consequent low prices.

Owns Large Oil Reserves

The company owns over 1,200,000 acres of selected oil lands located in Oklahoma, Kansas, Texas, Arkansas, Colorado, Utah and New Mexico. Of this acreage only 80,192 acres have been fully or partially developed, the balance having large potentialities. At some future date, when the crude oil situation adjusts itself, the oil division should be one of the largest sources of income. Awaiting this favorable development the company in the meanwhile has materially restricted its drilling activities, thus conserving the oil within the ground.

The company is rapidly expanding various divisions, such as refining; retail marketing; natural gasoline production; water plants; dry gas; liquified gases and oil and gas pipe lines. It is from these sources that the company is making its major profits under existing conditions. Furthermore, large capital expenditures have been made during the present year the benefit of which is not fully reflected in the current earnings, but which will materially increase the earning power of the company.

The company's policy is to follow an aggressive program of expansion until the major portion of its products is marketed directly to the consumer. During the three years prior to 1927, fixed capital investment more than doubled as a result of a large increase in acreage and in capacity of gasoline plants. Subsequent growth was at a somewhat slower rate. In 1927 an important drilling concession was obtained in Peru, a refinery was built in the Panhandle district of Texas, and a number of retail outlets were established. Expansion in 1928 was largely in the marketing field, some 300 service and bulk stations being built or acquired, bringing the number of retail outlets west of the Mississippi River to approximately 1,500. This year additional retail outlets have been acquired, and refining capacity expanded. The refinery at Borger, Tex., has been enlarged to 15,000 barrels daily capacity, while a 5,000 barrel refinery is to be constructed in Kansas, to use the company's own crude and to better serve the company's consuming markets in that territory.

Comparative Operating Statistics—Years Ended Dec. 31st

	1926	1927	1928
OIL DIVISION—			
Daily average gross crude oil (bbls.).	55,023	63,408	40,079
Daily average net crude oil (after royal. & partner.)...............	41,365	47,227	30,445
Producing wells	2,292	2,587	2,772
GASOLINE DIVISION—			
Daily average net prod. (gals.).....	443,382	504,519	512,538
Number of gasoline plants	38	41	47
GAS DIVISION—			
Daily average gas sales (M. cu. ft.)	186,365	288,365	323,810

Operation of filling stations runs as far east as St. Louis and north to Duluth, taking in the Twin Cities, Detroit, and other centers. To the west, stations are operating as far as Pueblo, Colo. In the Southwest, Phillips has stations in West Texas, Arizona and New Mexico, and is increasing the number of these. The company also markets its products through dealers, these numbering about 1,200 at the beginning of 1929.

Diversifying Into Allied Lines

Phillips is the largest producer of natural gasoline in the country. Casinghead plants recently were producing about 750,000 gallons of gasoline daily. The output is blended and then marketed as a high test gasoline under the trade name of "Phillips 66," also Benzo-Gas Motor Fuel, Phillips Aviation and other volatility gasolines. Formerly, the company sold all its casinghead under contract to various refiners and marketers but in time this became strictly a "buyers' market" with low prices prevailing. The fact that the company now distributes a considerable part of its casinghead output through its own stations has reduced the supply on the market and helped the price level. Together with the output from the Borger refinery, total gasoline production is now between 950,000 gals. and 1,000,000 gals. daily.

In the field of natural gas, Phillips is one of the largest factors both as a producer and as a wholesaler. It is, of course, the source of the company's large output of natural gasoline. Natural gas, moreover, is used extensively in the manufacture of carbon black; indeed Phillips furnishes about 50% of the gas required for the entire carbon black industry in the United States. Through a subsidiary, Phillips is directly interested in this industry, and is preparing to further expand this business.

Large developments have been going on in the natural gas industry, long distance pipe lines being constructed to supply many of our large cities with this product. A natural gas pipe line from the Texas Panhandle district to the Chicago area is projected, a distance of more than 700 miles, the natural gas to be taken by the various Insull utility companies centering here. Communities in the intervening territory will also be supplied. In the interests of economy and conservation, the natural gas properties in the Texas Panhandle area, owned by four large companies, have been pooled. These companies include besides Phillips, Texas Corp., Skelly Oil Co., and Columbian Carbon Co. The new company is known as Central States Natural Gas Co., in which Phillips will hold a 25% interest according to reports.

Reflecting the somewhat improved situation in the oil industry this year and the increased activities of the company, earnings of Phillips Petroleum are running considerably ahead of last year. For the nine months ended Sept. 30th, 1929, earnings after all charges, except depletion and depreciation, were $15,029,588, compared with $12,366,133 for the same period last year, which is an increase of over 30%. Allowances for depletion and depreciation are made at the end of the year, and while these charges are heavy, amounting to $11,323,536 last year, present indications point to per share earnings on the common stock considerably above the $2.48 earned in 1928. Dividends are currently paid at a regular annual rate of $1.50 a share and an extra dividend of 50 cents a share was distributed earlier in the year.

The company's capitalization consists of an issue of 5¼% Gold Debentures, due June 1st, 1939, outstanding in the amount of $35,447,000 and no par capital stock of which there are 2,402,354 shares outstanding. Early in the year, the authorized capital stock was increased from 2,500,000 shares to 5,000,000 shares, the increase to provide for further expansion of the company in the future. To a small extent, acquisitions of properties have

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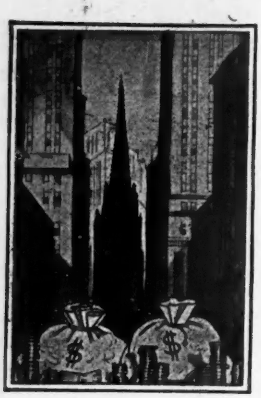


Market Indicators

For Profit

Union Pacific

President Gray of the Union Pacific Railroad has stated that September gross and net revenues of that road will show some falling off compared with the same month last year. Results, nevertheless, were substantially above the average. Allowing for an anticipated tapering of income in the final four months of the year, Union Pacific is still expected to make the most satisfactory showing since 1914 and possibly the best in its history with estimated net earnings in excess of $20 a share for the common stock. In addition to this highly promising prospect, there remains the possibility of an extra distribution of Union Pacific extensive investments.

* * *

More Hopeful

While price reductions of crude oil in certain Pacific Coast fields have proved disconcerting, the oil industry is deriving much satisfaction from the fact that producing interests manifest a greater spirit of cooperation than appeared possible a few months ago. Further steps are being taken to hold production within reasonable bounds, for example, Prairie Oil & Gas and other large companies have sponsored a movement to shut down production and curtail drilling in the Hobbs Field, New Mexico. Meanwhile, prospects for enforcement of California's gas conservation law are steadily brightening, notwithstanding the immediate uncertainty.

* * *

Telephone Prosperity

Prosperous condition of the telephone industry is indicated by the offering of 32 million dollars of Southern Bell Telephone 5% gold bonds to finance extensions and betterments, and by the nine months' earnings statement of New England Telephone showing net income of 8.80 million dollars, equivalent to $7.95 a share, against 7.76 millions for the same period of 1928, or $7.01 a share. Incidentally, the very favorable reception accorded the Southern Bell financing suggests that bonds are again returning to high investment favor.

* * *

Air Reduction Progress

Air Reduction, a typical industrial whose earnings have shown progressive increases year after year, is maintaining its well deserved reputation. Profits in the third quarter made a new record, being equivalent to $2.05 a share. In the second quarter the company earned a balance of $1.97 a share, the figure for that period constituting a record until the third quarter report was released.

* * *

Anaconda Copper

Payment of an extra $1.50 a share dividend by Chile Copper has raised expectations, in some quarters, of an increase in Anaconda's present $7 annual disbursement, inasmuch as the latter now owns virtually all of the outstanding Chile Copper stock. The course of the copper metal market, however, will probably determine final action of Anaconda's directors in this respect.

* * *

On the Mend

Seaboard Air Line Railway's prospects have assumed a more promising aspect. Owing to the gratifying response of bondholders to the road's reorganization plan, Seaboard has secured approximately 20 million dollars of new capital, whereas only a little more than one-third that amount had been counted upon. Accordingly, the carrier appears in an excellent position to proceed with a thorough-going program of rehabilitation and improvements which should tend to accelerate the recovery in earning power that has manifested itself in recent months.

* * *

Earnings Up

With net profits equivalent to $4.86 a share for the common stock in the first nine months of the year, it seems likely that Atlantic Refining will experience no difficulty in surpassing the full year's showing of 1928, when a balance of $5.79 a share was earned for the common, on the basis of present capitalization.

* * *

Norfolk & Western

Payment of an extra $4 cash dividend by Norfolk & Western, instead of the $2 extra heretofore paid, should come as no great surprise to the holders of that road's common stock in view of the excellent showing made in the last three years, and especially thus far in 1929.

* * *

Utility Merger

Negotiations for a consolidation of the leading Pacific Coast utilities, which appeared to have reached an impassé a few weeks back, are reported to be under way again. A new holding company is said to be contemplated to link the properties of Pacific Gas & Electric, Southern California Edison and Pacific Lighting. A merger of these units, which may also include some lesser operating companies, would appear logical in view of the economies that would result.

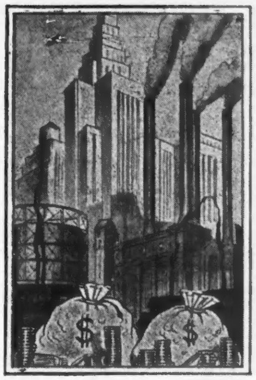
* * *

Lambert Gains

Lambert Company has reported net income equivalent to $2.50 a share for the capital stock for the quarter ended September 30th. This compares with $2.08 a share in the preceding quarter and $2.21 in the like period of 1928. For the first nine months, per share earnings increased to $7.79 from $6.56

The Stockholder

and Income



in the corresponding period of last year. Lambert is thus living up to expectations.

* * *

Outlook Bright

New Haven's earnings to date have been decidedly heartening to shareholders. For the nine months ended September 30th, the road reports net available for the common stock equivalent to $7.24 a share. Gross for the period was a trifle under that shown for the same period in 1927, but surplus after charges this year reached 14.46 million dollars against 6.53 millions in the first nine months of 1927. This comparison is cited as an illustration of the remarkable progress made in respect to operating efficiency in the last two years.

* * *

Dividend Increase

Earnings of Hudson & Manhattan Railroad appear to be recovering from the moderate setback experienced soon after the opening of the Holland Tunnel in 1927. Surplus after charges in the nine months' period ended September 30th totaled 1.54 million dollars, contrasted with 1.36 millions and 1.51 millions, respectively, in the like periods of 1928 and 1927. Net income for the first three-quarters of 1929 amounted to $3.37 a share for the common, compared with $2.92 in the first nine months of 1928. As a result of this encouraging showing, the common dividend has been increased to $3.50 a share, against $2.50 previously paid.

* * *

Corner Turned

Revival in railroad equipment buying is reflected in an encouraging third quarter report of General Railway Signal. For this period, the company reports net profits of $2.83 a share for the common. Extent of the improvement in General Railway's position may be judged by comparing the September quarter's figures with earnings of $2.70 a share for the first half of the current year and with the showing of $3.34 a share made in the first nine months of 1928.

* * *

Steel Earnings

While some uncertainty continues to surround the immediate outlook for the steel trade, it is evident that earnings of the leading companies will make an exceptionally good showing for the full twelve months. Bethlehem Steel, for example, reports net profits of $4.01 a share on 2.4 million shares of common stock for the third quarter and $13.30 for the first nine months. In the light of such earnings, the current $6 dividend rate appears quite conservative.

* * *

Republic's Earnings

Republic Iron & Steel, considered a logical pivot for the next important merger of steel companies, reports a decline in net earnings for the third quarter, compared with the second, figures for these two periods being $2.39 a share on 874,630 common shares and $3.44 a share on 819,865 shares, respectively. Comparison of the first nine months' earnings this year with last, however, is distinctly favorable, a balance of $8.41 a share for the common having been earned in the 1929 period against but $2.53 on last year's smaller capitalization.

* * *

Record Profits

Union Carbide & Carbon continues to show a steady expansion of earning capacity. Net profits available for common dividends reached the record total of 24.05 million dollars in the nine months ended September 30th, 1929. This compares with 19.62 millions reported for the same period in 1928 and 16.63 millions in the first nine months of 1926. On a per share basis, net profits for the nine months of the current year were $2.89 compared with $7.16 a share in the 1928 period. It will be recalled that Union Carbide common was split three for one last April.

* * *

Mop's Plan

Outlook for Missouri Pacific common stock has been materially improved by the company's proposal to pay off the $49.75 a share arrearage on its preferred stock through an offering of common shares at $100 a share. In the event sufficient funds cannot be obtained by this offering of new common stock to present preferred and common shareholders, it is proposed to ask the preferred stockholders to accept common at $100 a share in lieu of cash to make up any deficiency of cash.

* * *

Making Good

Texas Gulf Sulphur is coming up to expectations by reporting improvement in quarterly earnings. Profits in the three months ended September 30th, when net reached $1.58 a share, come close to record proportions, having been exceeded in only one previous quarterly period. Net for the nine months amounted to $4.52 a share compared with $4.08 in the corresponding period of 1928. Around 60, Texas Gulf Sulphur is selling for approximately ten times indicated full year earnings.

* * *

Motors' Net Declines

General Motors net reflects the letdown that came in the automobile industry during the third quarter. The company reports a balance of $1.58 a share for the common stock in this period, which compares with $1.77 a share in the like period of 1928 and $2.01 in the second quarter of the current year. Earnings for the first nine months totaled $4.96, contrasted with $5.37 in the first nine months of last year.

EDITORIAL PAGE

Building Your Future Income

An Informative Department On Estate Building

A Business Man's Investment

ONE is frequently confronted with the descriptive reference, "a business man's investment." What is meant by this expression and what is its proper application? Like many other generalizations which one hears applied to securities, this one is ambiguous, often misunderstood and generally abused. Yet it serves a genuine purpose and properly used is probably one of the most enlightening of investment terms.

It is but a short step from active business to that of investment. The investor who loans his money to a corporation by purchasing its bonds or expects to participate in the profits by purchasing its common stock, is to all intents and purposes assuming whatever risks are involved in that particular business.

Accustomed to assuming the risks of his own business, the business man is not averse to applying the same principles to the investment of his surplus funds. He can well afford to do this because he is undoubtedly in fairly close touch with the industrial and economic trends of the day. In a commitment characterized as a "business man's investment" he is well aware that he is not making a gilt-edge investment; and to the same extent that he would have no hesitation in refusing to re-stock slow moving and unprofitable goods in his own business, he is prepared to dispose of any investment that fails to produce the desired results.

Further than that, however, he has, or should have, provided himself or his business with a substantial backlog high grade investment issues and other liquid resources.

Thus, we have the term "business man's investment" by which to describe the lower rated bonds, preferred stocks and a large portion of common stocks. Those investments which might be properly classified in that way must have as their principal characteristics, fair assurance of security and income in conjunction with attractive possibilities for enhancement in value. Obviously, these features would eliminate all wildcat ventures and those highly speculative and unproven issues, wrongly and frequently described to the more gullible investor as a "business man's risk."

The issues which are rightfully entitled to that descriptive term are not necessarily confined to the requirements of the active business man but under certain circumstances are worthy of a place in the investment plans of other individuals. The need for proper discrimination, however, must be emphasized and the individual would do well to ask himself before making a choice, "Would I take the same risk in my own business?"

Charting a Financial Course

The Prime Essential in Providing for Secondary Income

By Edwin A. Barnes

NO mariner would be so foolhardy as to set out from port without a definite destination in mind or the necessary charts and compass to guide him. The chances of a successful voyage would be very slim and the nearest shoal would probably wreck his vessel. It is equally hazardous to attempt the management of one's surplus funds without first ascertaining the objective to be sought and then carefully mapping out the route by which the desired goal will be reached. Every man, unless he is a confirmed spendthrift, is eager to achieve financial independence or at least accumulate a comfortable nest egg for himself and family against the time when his earning power will be reduced. Most men, however, if questioned would probably admit that their plans for the attainment of their financial desire are rather vague and indefinite. While it does not necessarily follow that these plans, however vague, are foredoomed to failure, the chances of success would be substantially heightened if their conception was attended by a greater measure of clarity and definition of purpose.

The average person embarked upon a successful business career probably has sufficient confidence in his own judgment to feel that, with the supplementary assistance of his bankers, he is quite capable of selecting and supervising his investments. Undoubtedly, he is aware of the cardinal principles of sound investing as they relate to security, diversity and marketability. Yet it is not unusual to find this class of investor lending an interested ear to "tips" or purchasing various types of securities without first assuring himself that they are adapted to his requirements. These frequent impulses might, in time, unbalance an investment schedule and obscure the real objective of the individual. Successful investment is a modern science and should be treated as such. With the proper application of those principles and methods which have proven their superiority, everyone imbued with the spirit of ambition and accomplishment should be able to realize their hopes of financial security and comfort.

Setting the Goal

In planning a sound and workable investment schedule, the first problem which confronts the individual is the creation of a definite objective compatible with his present and potential earning power. Obviously some conjecture will be involved in the determination of future earning power and it is therefore advisable not to place too much faith on normal expectancy. Certainly, no considerable harm would be wrought by any errors made on the side of conservatism. Each individual, rather than attempting to effect a short cut by accepting some general plan prepared for public edification, should carefully consider his own family obligations and what he will be called upon to provide in the way of education insurance and home-building. A thorough tabulation of present assets and outside sources of income should be made and proper allowance made for unforeseen developments which might adversely affect the culmination of his ideas. Any plan which failed to leave a sufficient margin of safety for the possibility of unusual expenses or an impairment of income would be unworthy of the time spent in devising it.

Setting the goal is but the first step and probably the simplest inasmuch as the only materials required are pencil and paper together with some thought and imagination. There must be some well defined plan, carefully designed, to produce the desired results and much depends upon the forethought expended in the original conception of this plan. It is not to be doubted that many people are quite capable of constructing a well balanced system for savings and investment but as an added safeguard, wisdom suggests that outside counsel be sought. Taking cognizance of the pronounced trend toward investment-mindedness which has been witnessed in this country following the advent of the First Liberty Loan, many banking and investment firms have established special departments solely for the purpose of rendering investment assistance and advice to their clientele. A corps of trained experts and statisticians are maintained by these institutions and their services are made readily available to assist the individual in working out a plan of systematic investing which would give proper consideration to all the essential factors. As his funds accumulate and are made available for investment, further consultation with his banker with a view to selecting the most suitable medium, will insure proper diversification, safety and income. Too much emphasis cannot be given to the safeguards afforded in this manner.

Perhaps the investor will at some time become impatient and dissatisfied with, what seems to him, the snail-like progress of his plan, and may seek the alluring short cuts of speculation and high yielding securities of questionable merit. Fortune may play into his hands but the contrary is more than likely to be the case. Frequently, however, the investor becomes fascinated with his financial progress to a point where he

(Please turn to page 80)

Which Shall It Be?

Participating or Non-Participating Insurance — This and Other Inquiries from Subscribers Answered

By Florence Provost Clarendon

We have had difficulty in giving to readers a sound and reliable impression of the outlay necessary to provide participating life insurance benefits, because the companies charging the lowest premiums do not always work out best in the long run. Some companies charging high premiums in their contracts pay large dividends after the first year, so that the ultimate cost may work out less than the cost in the case of companies charging much less at the beginning.

The following letter from one of our readers and our reply thereto will serve two purposes:

(1) To show that a company charging a high premium may give better results through large dividends than a company charging lower premiums; and

(2) To show how difficult it is to give a clear impression of net cost unless by using the straight non-participating premium.

Insurance Editor:

We are a subscriber to your magazine and appreciate very much the fine work which is being done toward giving your subscribers a better and clearer understanding of life insurance and the part which it plays in the creating and building up of an estate.

It has appeared to us for some time that for purposes of illustration, you have more or less dwelt upon the non-participating form of insurance and it may have a tendency or effect of establishing in your readers' minds that non-participating is cheaper than participating, which, of course, is not so.

Attached hereto you will find a sheet which gives the average yearly net premium over a period of twenty years on a $5,000 policy based on the 1929 dividend scale of a prominent mutual company. After a policy has become paid-up for its full face amount these paid-up policies continue to be participating and the dividends are very substantial.

For your further information, the attached table shows the total amount of business written by companies admitted to do business in the State of New York (excluding group) up to and including 1928, and also the amount of new business written in 1928. You will thus see that by far the larger percentage of business is on the participating or mutual basis.

Very sincerely yours,
M. I.

I appreciate the thoughtfulness of your letter and your interest in our educational work. I would infer also that you know something of the difficulty I often experience in giving a sound illustration to a correspondent unfamiliar with life insurance of the needed outlay, if I use participating life premiums; the net yearly payment varies so much between one company and another. I always try to give participating companies the same recognition and the same weight in my articles that I give to non-participating, while I have also from time to time dealt with the advantages of dividends and the options they provide.

Your letter and the figures you quote supply an excellent outline of the dilemma in which I am placed in more directions than one.

In the first place, you are using the 1929 dividend scale which we think is the highest scale adopted at any time by the company mentioned in the last forty years; neither you nor the company can tell whether this scale will be maintained for even five years to come, although you use it for twenty. It is unusually favorable because for several years the mortality rate was lower than it had ever been before, while at the same time the company has unusually good interest earnings following the economic trend brought about by the great war. If you were to take (which would be equally reasonable) dividend figures over the past twenty years, instead of projecting the favorable rate into the unknown future, the results would not be nearly as good as those you set forth in your letter.

For example you give the average for the future at age 35 as $87.80; but on past history for twenty years ending 1928 the average would be $101.74—quite a difference. The latter method might be a trifle unfair to a company; therefore I do not use it. But I consider your method equally unfair to many of our correspondents who, unfamiliar with life insurance costs, seek information from us; and also unfair to non-participating companies, although it is a sales talk frequently employed by many life insurance agents.

Then again, you take a favorable net cost, carry it over a hypothetical period of twenty years into the future,

Average Yearly Net Premium Over a Period of 20 Years
$5,000 Policy Participating Basis

Age	Ordinary Life	30 Payment Life	20 Payment Life	**10 Payment Life
20	$56.45	$72.40	$93.65	$177.55
25	64.45	79.65	102.30	192.60
30	74.65	88.65	112.75	210.50
35	87.80	100.00	125.45	231.70
40	105.20	114.95	141.35	256.80

** Average yearly net premium over a period of 10 years.

Summary of the Ordinary Life Insurance (excluding Group) in Force and Written, by Companies Operating in New York State as of December 31st, 1928

	In Force		Written	
	Amount	%	Amount	%
Participating 3%	$27,370,919,670	48.25	$3,808,446,412	45.16
Participating 3½% ...	22,845,437,313	40.28	3,487,017,558	41.34
Total Participating	$50,216,356,983	88.53	$7,295,463,970	86.50
Non-Participating	6,506,882,718	11.47	1,138,856,616	13.50
Total Business	$56,723,239,701	100.00	$8,434,320,586	100.00

and obtain an arithmetical average. This is unjust and unscientific as compared with a fixed premium annually charged and guaranteed. The premiums payable to your company in the early years are much larger than those payable in the later years. The person who pays these larger premiums is out of pocket at first to a considerable extent, and your company is correspondingly benefited by the interest earnings on those large premiums. These interest earnings on the accumulations reduce the premiums in later years. It is, therefore, arithmetically wrong to take a general average and compare the two rates. The man who pays the lower premium at first has the advantage of interest accumulations on the difference saved. It is easy to see that any man who starts paying $100 a year and finishes after twenty years at $60 is not nearly as well off as the man who pays an average of $80 all through.

I may point out further that if I were to use your own Ten Payment Life figures you would have further reason to complain of being unfairly treated, because the non-participating companies are charging much lower rates for the ten years than your averages work out, even allowing for the favorable dividend scale over the ten future years. You quote an average 10-payment life rate of $231.70 at age 35, while a non-participating company will guarantee a 10-payment policy at that age for $221. The reason for this of course is that under a limited payment policy you expect to continue paying dividends after the premiums are paid up, and these dividends form a very substantial part of the benefits to your policyholders, fully paid for during the first ten years.

I think if you read the foregoing carefully you will come to the conclusion—as the writer did some years ago—that in order to give the average man on the street a fair idea of the cost of insurance it is easier, better, and more just to all parties to use non-participating rates, stating, as we usually do to our correspondents, that first-class participating companies offer equally good results. We of course point out that the participating premium involves a slightly higher outlay in the first year or two, while for the long pull—for those entrants who survive and maintain their policies—participating insurance in good companies works out best. It is easy to see also that the reverse condition obtains if the insured dies early or lapses his policy, for the non-participating premiums has then worked out to his advantage.

You of course understand that in offering advice to readers and correspondents it is essential that we hold to a strictly impartial attitude. On the other hand, we can see your viewpoint as a representative of a mutual and participating life company—moreover, a first class institution which the writer has on a number of occasions warmly commended to inquiring correspondents.

Needs More Protection

Insurance Editor:

Being a constant reader of your magazine, I am seeking your advice on insurance. Unfortunately I carry very little insurance. I have a $500 fraternal policy, a $600 health and accident, and that's all.

I desire insurance that carries a total and permanent disability clause. I would also like insurance that would return an income monthly for life.

I am married and have 3 small children. Will be 39 years of age next February. Your advice will be appreciated.—W. B.

A married man with your responsibilities of a young family has an urgent need for life insurance as a protection against the unexpected happening. You have omitted to state the approximate amount of your annual income or your savings in other directions towards building up an estate, and I

(*Please turn to page* 80)

THREE CASH PRIZES

FOR THE BEST STORIES OF ESTATE BUILDING

First—$100 **Second—$50** **Third—$25**

B. Y. F. I. CONTEST

ESTATE BUILDING—A vital and important subject.—A topic on which everyone has undoubtedly expended no little thought and consideration. We have purposely selected this subject as one offering our readers the fullest opportunity to express their ideas and experiences and if we may judge from the widespread interest that has already been shown, our choice will be amply justified. The 1929 contest promises to be the most successful ever conducted by this department. If you feel that your experience in Estate Building is of general interest—if you have developed a successful plan for the accumulation of secondary income—even if you have made unfortunate mistakes from which a lesson may be learned, we and all of our readers want to know your story. The subject is a broad one and may be treated from many angles. Literary ability is not a prime requisite for the objective is a story of general interest and appeal. It is your opportunity to serve other investors in this great pooling of ideas.

In addition, your story may win a prize—if it doesn't, we may still want to publish it and will pay you for it at our regular rates. REMEMBER! the contest closes in three weeks. DON'T DELAY ANOTHER DAY.

RULES OF THE CONTEST

The Contest is open to all, whether or not you are a subscriber.

All manuscripts must be submitted in typewritten form, marked for the attention of Prize Contest Editor, The Magazine of Wall Street, 42 Broadway, New York City.

The manuscripts must be received at the above address, not later than Monday, November 25th.

Prizes will be awarded when the winners are announced in the December 14th issue.

Articles which do not win a prize, but which are considered suitable for publication, will be paid for at regular rates, if and when they are published.

The articles will be judged by the Prize Contest Editor on the basis of practical value, originality of ideas and general interest.

No space limitations are imposed but brevity is a desirable quality.

Using Building and Loan Shares to Build a $100,000 Fund

An Interesting Plan That Produces Sure-Fire Results for This Reader

By Howard E. Rowe

THE BYFI Department has for many years and is still publishing articles full of inspiration and experiences of men and women in all walks of life showing what they have accomplished financially and how and what their plans were and the struggles encountered. No two of us are alike, and no two of us are thinking alike and no two of us are situated just exactly alike. You may have your plans, and you have your thoughts, your age, your environments, and education. These may be such that the story I am going to tell you may not fit your case, but I hope that it may serve as an incentive to attain financial independence.

I have always been able to produce and make money, but I never learned how to conserve and invest my money until some 10 years ago, when a copy of The Magazine of Wall Street was handed to me by a friend.

As I said before, earning money is one job, but investing it judiciously I assure you is another. I have undertaken it and with the guidance of this magazine and some good books, together with some banking friends, I think I have made a good start. Our schools and institutions teach us our trades and professions but I never ran across any which told me the proper way to invest and make the most of my money.

Being married, I naturally felt that my first step was to take out sufficient life insurance as protection until our plans were completed. My wife and I went over our situation and after some changes we struck on a line of action and set up a plan including a budget. We work on a liberal budget. I never saw a potential budget yet that met everyone's requirements, so we worked out our own budget.

Out of the different plans we first arranged to have all our investments, securities, bank accounts, building and loan accounts so registered that either could draw or sell with the right of survivorship. So that either could in case of death continue without any settlement of any estate, or embarrassment in any way, as everything automatically becomes the property of the other and if conditions arose that either one wished to dispose of any security or use any funds the same could be done without any delay or hesitancy or waiting for the other to sign. Of course you have got to know your partner—I mean your husband or your wife. If you have never given this phase of married life any thought—do so, and I believe you will find it to be a great advantage. We found it so.

Each of us look after certain phases of the plan, and assuming certain responsibilities, and neither interfering with the other but both familiar with what each is trying to do. We get together about every three months and go over our securities and clean house, and try to strengthen the weak places.

We have a banking account for the ordinary living expenses. My wife looks after that.

We carry a savings account for ordinary expenses and emergencies. My wife looks after that.

We have a clothing and pleasure account. Any time we want to take a trip or buy a new coat the funds are always there, and when not in use are drawing interest. My wife looks after that.

We have a fund for insurances, dues, clubs, etc. I look after that.

You may think that friend wife is getting loaded up with the details, and that is true. But she is a splendid bookkeeper, a good banker, strong on detail and the watch dog of the treasury.

Our income is $6,000 or better per year and as there are only the two of us, our plan is as follows:

We invest $2,000 per year. I will explain shortly how we invest it.

We spend $600 for insurance and club dues per year.

We live on $3,000 per year.

We have $400 for miscellaneous.

In my plan I have not figured that our income is going to increase one cent, but I'll promise you that it will or I will know the reason why. But we figured on $6,000 per year and here it is as to how we hope to have a fund of $100,000, which at 6% will give us a continual income of $6,000 per year without touching the principal.

We have two separate funds of $1,000 each, and both invested the same way. Each one of us has a fund and we watch it carefully, consulting each other on our purchases.

Invest $1,000 in good securities and at 6% will produce $60 per year income. This $60 per year will buy 5 shares per month in a building and loan which in 11 years will have a matured value of $1,000. We keep on doing this for 12 years and have

the result indicated in the following table:

1st year	Income $60	pays for 5	shares B. & L.
2nd	120	10	
3rd	180	15	
4th	240	20	
5th	300	25	
6th	360	30	
7th	420	35	
8th	480	40	
9th	540	45	
10th	600	50	
11th	660	55	
12th	720	60	

Then we continue for 12 more years and at 13 years our income from investments is $780 and as first series of building and loan is matured we need not pay any more on it. The 14th year another series matures and nothing more is paid on it and so on resulting as follows:

13th year	Income $780	need for B. & L. $660	save $120
14th	840	600	240
15th	900	540	360
16th	960	480	480
17th	1020	420	600
18th	1080	360	720
19th	1140	300	840
20th	1200	240	960
21st	1260	180	1080
22nd	1320	120	1200
23rd	1380	60	1320
24th	1440	...	1440
			$9360

Besides after the 13th year we have the first series of building and loan maturing for $1,000, so we have this $1,000 to invest for 11 years. Likewise the 14th year we have another $1,000 maturing in building and loan which we have to invest for 10 years, and so on each year another series matures for $1,000 and another $1,000 additional to invest which gives us something as follows:

B. & L. $1000 on interest for	12 years 6%	.... $720
1000	11	 660
1000	10	 600
1000	9	 540
1000	8	 480
1000	7	 420
1000	6	 360
1000	5	 300
1000	4	 240
1000	3	 180
1000	2	 120
1000	1	 60
		$4680

All of this has been accomplished by saving $1,000 for 24 years and reinvesting the income. Our total results are as follows:

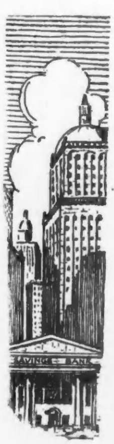
Exhibit No. 1	Saved	$24,000
Exhibit No. 2	Interest	9,360
Exhibit No. 3	B. & L. Matured	12,000
	Interest on B. & L.	4,680
		$50,000

So you see I have $50,000 more or less anyhow, at simple interest and if you care to, you can use compound interest in calculating the results from the plan above. This is one fund and the other is just the same.

Likewise we have made good money in the meantime in the enhancement of the values of our investments. We take this money and have opened a speculative account. This has nothing to do with the investment account. We depend on practically all of our advice on THE MAGAZINE OF WALL STREET. Recently this magazine recommended

(Please turn to page 81)

BYFI RECOMMENDS—



For Saving

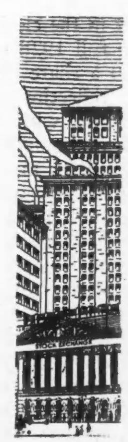
1. **SAVINGS BANKS.** A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable mediums.

2. **BUILDING AND LOAN** shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

3. **ENDOWMENT INSURANCE** is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should not occupy too large a place in the accumulating program.

For Investment

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966......	97	4.9
2. Public Service Elec. & Gas, 1st & Ref. 5s, 1965......	103	4.8
3. Standard Oil of N. Y. deb. 4½s, 1951..........	95	4.8
4. Western Pacific 1st 5s, 1946............	97	5.2
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978.....	101	4.9
6. New York Steam 1st "A" 6s, 1947.........	105	5.5
7. Chesapeake Corp. Conv. Coll. 5s, 1947......	97	5.3
8. Associated Dry Goods 1st 6% Pfd..........	93	6.5
9. Hudson & Manhattan Conv. 5% Pfd..........	76	6.6
10. Southern Pacific Common $6............	138	4.3



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1. ***Be Brief.***
2. ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3. ***Special rates upon request to those requiring additional service.***
4. ***Write name and address plainly.***

AMERICAN CHAIN

When American Chain preferred was around 95 some months ago I bought 50 shares. I held on to this straight through the dip which carried it down to 70. Now it is near my buying price again and I wish you would write me by air mail, telling just what you think I ought to do.—C. B. A., Cleveland, Ohio.

American Chain Co. ranks as the largest maker of chains in the world, its line including practically every size and kind of chain, from a product made for the jewelry trade to ships' anchor chains. The company also manufactures bumpers for the automobile trade. Comparatively mild weather in the late winter of 1927-1928 and early spring of last year served to adversely affect tire chain sales, with the result that operations in the first six months of 1928 were on a deficit basis, followed by marked improvement in the closing half year, but net in the full 1928 year was equal to only $3.80 a share of preferred stock. However, reflecting the closing of a large contract with Ford calling for 1,000 sets of bumpers per day, which contract will be in force indefinitely, together with new outlets obtained for the company's products through acquisitions of certain subsidiaries and settlement of bumper patent litigation favorable to the organization, earnings in the first six months of 1929 were equal to $9.42 a share of preferred with indications of profits in the full 1929 year sufficient to cover preferred dividends close to four times over. The company appears to have completely regained its satisfactory earning power enjoyed in years prior to 1928, and the preferred stock maintains its status of a wholly satisfactory business man's investment. We believe the issue suitable to hold for the liberal income return afforded in compensation for the lack of highest investment calibre.

TEXAS GULF SULPHUR

What do you know about the financial status of Texas Gulf Sulphur? I bought 100 shares last week on the advice of my broker, but before putting this away to hold for the long pull, I would like your opinion, as you have never failed to help me with questions like this.—F. C. L., Jersey City, N. J.

Ranking by far the larger of the two companies controlling most of the sulphur supply in the United States and approximately 75% of the world's supply, Texas Gulf Sulphur Co., by virtue of substantially increased production and a continuation of favorable sulphur prices has registered substantial gains in net earnings in later years, results from operations in 1928 showing a balance equal to $5.72 a share against $4.76 a share in 1927, followed by $2.93 a share in the first six months of 1929 compared with $2.63 a share in the same period of 1928. Earnings for the full 1929 year are estimated to equal between $6 and $6.50 a share. Through directly owned and leased properties, sulphur reserves are substantial, assuring an operating life covering a long term of years. Despite the maintenance of a liberal dividend policy, present financial position is impressive. We advise retention of present holdings for income and price appreciation over the reasonably long term.

NATIONAL SUPPLY

I ought to have taken advantage of the good price of National Supply to get out of this stock earlier in the year when it was around 140. However, as I didn't do so, I would appreciate your telling me what you think I had better do now. Any drop in oil production is likely, it seems to me, to react unfavorably upon this company's earnings.—M. H. T., Boston, Mass.

National Supply Co. is engaged directly and through subsidiaries in the manufacture and sale of equipment, machinery and supplies for all branches

(Please turn to page 67)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect

Business Shows Mixed Trends

Some Industries Show Signs of Recession, But General Level Sustained—Prices Slightly Weaker

STEEL

Sentiment Improves; Trends Mixed

SENTIMENT both within and outside of the steel industry has improved with reports of increases in unfilled tonnages and of heavier buying in various quarters. The information that September rate was only about 1% below that of August and represented a gain of 9% over September, 1928, is also favorable and, in view of the increase in backlogs, proves that buying in the latter part of the third quarter was heavier than was currently estimated.

Since September, however, several trends have developed which tend to moderate, for the near term, whatever optimism is engendered by the foregoing statistics. In the first place, a de-

(*Please turn to page* 64)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1929 High	1929 Low	1929 Last
Steel (1)	$36.00	$33.00	$35.00
Pig Iron (2)....	18.50	17.50	18.50
Copper (3)	0.23½	0.16¾	0.18
Petroleum (4) ..	1.45	1.20	1.45
Coal (5)	1.75	1.60	1.75
Cotton (6)	0.21½	0.18	0.18
Wheat (7)	1.65⅝	1.24⅛	1.42½
Corn (8)	1.21¼	0.98¼	1.11½
Hogs (9)	0.11¾	0.08⅞	0.10
Steers (10)	17.25	14.25	16.40
Coffee (11)	0.18½	0.12¾	0.12¾
Rubber (12) ...	0.26⅛	0.15⅝	0.20⅝
Wool (13)	0.45	0.36	0.36
Tobacco (14) ...	0.14	0.14	0.14
Sugar (15)	0.04	0.02 1/16	0.04⅛
Sugar (16)	0.0[illegible]⅛	0.04⅞	0.05⅛
Paper (17)	0.03¼	0.03⅛	0.03⅛
Lumber (18) ...	25.38	21.55	21.55

* Oct. 19, 1929.

(1) Bessemer billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—Despite some weakness which has developed in the price structure recently, the general situation has been strengthened by increases in unfilled tonnages and by heavier buying. Near term prospects point to no major decline in operations and profits hold at fair levels.

METALS—The technical position of the copper industry has been improved by favorable September statistics which have just been published and producers are currently reported to occupy strong earnings position. Activity in Lead markets has been spasmodic but, in the main, heavy enough to assure good volume at fair profits.

PETROLEUM—A check in the production decline and severe price cuts in crude recently effected on the Pacific Coast have unsettled the position of producers. However, refining and marketing operations continue to yield satisfactory profits regardless of crude prices

FARM EQUIPMENT—Heavy foreign orders have alleviated whatever dullness developed in domestic buying during the early Fall and with farm buying power promising to be at least equal to that of last year, manufacturers are expected to realize good profits.

WOOLENS—Fall weather has stimulated consumer buying of woolen fabrics and it seems likely that total consumption for the year will show an appreciable increase over 1928. Major interests have announced price cuts for spring goods and while these interests may benefit from increased volume, smaller concerns may not be able to make profits cover operating expenses.

ELECTRICAL EQUIPMENT—Some toning down in operations has been reported recently but rates are still high and in view of the unprecedented demand for electrical equipment of all kinds there is small danger of the decline attaining major proportions. Hence earnings of principal producers seem fairly safe.

BUILDING—F. W. Dodge reports of contracts awarded during the month of September covering 37 states east of the Rockies show a decrease of 9% from August this year and a loss of 24% from the comparable month in 1928.

CHAIN STORES—Large organizations report that trade is increasing with cooler weather and the advance of the Fall buying season. These gains combined with heavy sales volume maintained all year make profit prospects for leading companies attractive.

RAILROAD EQUIPMENT—Heavy railroad equipment buying which has developed during the past few weeks has cleared the clouds which were beginning to gather over prospects for equipment companies. Principal producers are said to have large backlogs and current inquiries should be enough to assure high earnings.

SUMMARY—Since fundamental conditions, in the main, are sound, confidence in general prospects seems well justified. However, caution should be exercised until the industrial atmosphere becomes clearer.

CHRYSLER CORPORATION

AND SUBSIDIARIES

Comparative Consolidated Balance Sheet • • Sept. 30, 1929 and Dec. 31, 1928

October 16, 1929

DURING the quarter ended September 30, 1929, Chrysler Corporation earned $6,635,179.54, which brings the accumulated net profits after provision for Federal Income Taxes for the year to date to $24,730,419.29, comparing with $21,786,276.51 for the first nine months of 1928. Third quarter earnings, however, fell somewhat below the corresponding period for last year, due to several causes, prominent among which were a decrease in the volume of sales discussed in greater detail hereafter, and a lapse in the production of Chrysler cars incidental to the delay in securing bodies for our new models. Notwithstanding these circumstances, the Corporation earned its dividend substantially twice over, and materially improved its financial position as indicated by its balance sheet showing.

The Balance Sheet at September 30, 1929, shows Net Current Assets of $88,439,469.30, an increase of $1,731,614.45 during the third quarter and an increase of $10,596,311.35 for the first nine months of 1929. The ratio of Current Assets to total Current Liabilities, after provision for the regular dividend for the fourth quarter, at the end of September was 3.81 to 1 compared with 3.38 to 1 at December 31, 1928.

Cash and Marketable Securities in the amount of $56,922,352.32 at September 30th show an increase of $5,243,357.99 over June 30th and of $3,652,359.17 over the beginning of the year. At September 30th, Cash and Marketable Securities exceeded all Current Liabilities by $25,461,251.92.

During the third quarter $150,000.00 of the 5½% Serial Gold Bonds of the Maxwell Motor Corporation were purchased for the treasury, and $502,000.00 of the 6% Gold Debentures of Dodge Brothers, Inc., were paid, bringing the total of debt retired or provided for by Sinking Fund Operations during the nine months of 1929 to $3,508,000.00.

The Net Value of Permanent Assets after depreciation and amortization of $81,886,965.20 shows a decrease of $1,637,110.68 during the third quarter of the year, with a decrease of $1,816,662,89 for the year to date.

The foregoing decrease resulted after gross additions to Permanent Assets of $4,742,471.84 during the third quarter, and $19,966,309.39 during the first nine months—depreciation, amortization and retirements having provided an amount exceeding the gross expenditure.

In forming a judgment of the present state of the automobile industry, it should be borne in mind that more passenger cars were produced in the first nine months of this year than in the full twelve months of 1928. This tremendous rate of acceleration in the industry could not reasonably be expected to continue indefinitely, and under the circumstances it is not surprising the third quarter just past saw some recession in production and shipments, nor is it to be expected that the fourth quarter of this year will see any resumption of operations at record breaking rates.

This does not appear, however, to be the occasion for any pessimism with respect to the future of the automobile industry. There is as yet no indication that the retail consumption of automobiles by the American people has slackened, and before the year has closed the retail sale of automobiles will have established a new all-time high record. The adjustment of production schedules to actual retail market conditions now taking place should be viewed with satisfaction by all concerned, and is the one thing needed to assure the continuation of the automobile industry on the sound and profitable basis upon which it has been operating for a number of years.

The facts of the matter are, as nearly as can be ascertained at this date, that the retail sales of automobiles other than Fords for the third quarter of this year were approximately 93½% of the same period last year, but during this same period production was cut back to about 82% of last year. Your own company did rather better than the average, attaining a rate of retail sales of 104% of last year's retail sales. Production, however, was cut to 74% of last year's record, with the result this third quarter's operations this year accomplished a substantial reduction of 9,000 cars unsold in the hands of dealers, while during the same period last year there was a 16,000 car increase in inventories of unsold cars in the hands of dealers. This indicates an entirely rational treatment of the situation, and one that promises an early resumption of productive activities on a more profitable scale.

Automobiles are now unquestionably a staple commodity in American life, and are of rapidly growing importance to the whole world. The domestic replacement market, the rapid growth of the two or more car family consumer, and the almost limitless possibilities of the export market, afford an opportunity for continued development which cannot be denied. It would seem that if one felt any confidence whatever in the social and economic stability of the times, it must be conceded that whatever halt the motor industry may now be experiencing must necessarily be of the most temporary character.

The resumption by the Ford Motor Company this year of large quantity production has undoubtedly been the occasion for some readjustment among other manufacturers in the industry. The whole industry, however, has developed during the past decade or more with the Ford car in a position of almost unquestioned domination of the low-priced field, and probably no other single factor has contributed as much to the motorization of the American people in so short a time. The return of the Ford to this accustomed place need be the occasion for no alarm or concern on the part of automobile manufacturers catering to a higher-priced field, but should rather be viewed with satisfaction as again providing that foundation of a future market for their products among those who from time to time graduate into that class of automobile users who demand a motor of such standards as can only be provided at a higher price.

Your own company has shown an ability to adapt itself to such conditions as prevail from time to time, and to take advantage of such opportunities as present themselves. The acquisition of the Dodge business some fourteen months ago is an instance in point. The progress which has been made to date in the development of that property has far exceeded our most sanguine expectations at the time it was taken over. While much remains to be done there as elsewhere before plans long laid can be called fully matured, our program is making most satisfactory progress.

The same may be said with respect to our export trade, which has been showing a steady and healthy development. Intensified effort is being expended in this direction. Chrysler Motors Products, always popular in the export field, will be found as time goes on to be even more in evidence in these markets.

Your management was never more confident in the future of this company, nor more enthusiastic in developing forward plans to promote its future progress, than is the case at the present time. There has never been a time in the history of this company when the management, including myself, were so substantially committed to its future through the ownership of its stock. The Chrysler Management Trust, authorized by the stockholders at their last meeting, is functioning, and has been enthusiastically received by the organization. It has already demonstrated its effectiveness, and will grow in importance.

This is not the first, and I am confident it will not be the last time that in reporting to you the condition of this company's affairs I can assure you that in my opinion the future progress of this company promises to be entirely consistent with its remarkable record of the past.

Very truly yours,

W P Chrysler

President and Chairman of the Board

See Following Pages

CHRYSLER CORPORATION *and Subsidiaries*

Comparative Consolidated Balance Sheet Sept. 30, 1929 and Dec. 31, 1928

ASSETS

	Sept. 30, 1929	Dec. 31, 1928
Current		
Cash on Hand, on Deposit and on Call	$ 55,830,153.86	$ 49,509,233.44
Marketable Securities	1,092,198.46	3,760,759.71
Car Shipments against B/L Drafts	10,812,926.33	6,550,203.06
Customers' Notes Receivable—Secured by Trust Receipts	2,367,815.73	1,511,000.57
Accounts Receivable (Less Allowances Sept. 30, 1929—$52,818.58—Dec. 31, 1928—$94,098.11)	4,202,866.08	4,200,010.81
Inventories—Net (Allowance Sept. 30, 1929—$1,858,734.71)	45,594,609.24	44,985,395.06
	119,900,569.70	110,516,602.65
Sinking Fund Cash		
For Retirement of 6% Gold Debentures of Dodge Brothers, Inc.		501,695.88
Other Assets		
Real Estate Not Used in Operations	4,316,792.22	4,344,823.90
Investments, Land Contracts, etc.	5,723,742.07	353,262.03
Miscellaneous Accounts	783,653.18	549,894.44
	10,824,187.47	5,247,980.37
Permanent		
Land, Buildings, Machinery, Equipment, Dies, etc.	128,351,249.93	124,427,320.23
Less: Allowance for Depreciation, etc.	46,464,284.73	40,723,692.14
	81,886,965.20	83,703,628.09
Good Will	25,000,000.00	25,000,000.00
Deferred		
Prepaid Insurance, Taxes, etc.	1,354,487.63	1,875,426.55
	$238,966,210.00	$226,845,333.54

COMPARATIVE CONSOLIDATED INCOME SUMMARY

For the nine months ended

	Sept. 30, 1929	Sept. 30, 1928	Sept. 30, 1927	Sept. 30, 1926
Sales of Automobiles and Parts	$325,959,888.44	$207,822,271.80	$136,827,606.73	$119,773,490.65
Cost of Sales	269,580,819.52	167,264,821.43	109,409,475.59	98,314,065.59
Gross Profit	56,379,068.92	40,557,450.37	27,418,131.14	21,459,425.06
Add:				
Interest and Brokerage	2,900,807.88	1,443,611.14	708,058.15	385,574.86
Total Income	59,279,876.80	42,001,061.51	28,126,189.29	21,844,999.92
Deduct:				
Administrative, Engineering, Selling, Advertising, Service and General Expense	28,372,193.80	16,482,842.57	9,270,986.83	8,263,905.00
Interest Paid and Accrued	2,671,380.08	713,952.52	116,103.39	127,910.55
	31,043,573.88	17,196,795.09	9,387,090.22	8,391,815.55
Income Before Provision for Income Taxes	28,236,302.92	24,804,266.42	18,739,099.07	13,453,184.37
Less: Provision for Income Taxes of United States and Other Countries	3,505,883.63	3,017,989.91	2,517,213.14	1,733,372.31
Net Income	$ 24,730,419.29	$ 21,786,276.51	$ 16,221,885.93	$ 11,719,812.06

See preceding page

CHRYSLER CORPORATION *and Subsidiaries*

Comparative Consolidated Balance Sheet • • Sept. 30, 1929 and Dec. 31, 1928

LIABILITIES

	Shares	Shares	Sept. 30, 1929	Dec. 31, 1928
Current				
Accounts Payable			$ 23,382,511.91	$ 25,122,959.52
Dividends Payable			3,339,461.25	
Accrued Interest, Taxes, Insurance, etc.			1,918,564.09	1,921,755.35
Distributors' and Dealers' Deposits			1,722,728.81	1,527,016.24
Provision for Income Taxes (Estimated)			1,097,834.34	4,101,713.59
			31,461,100.40	32,673,444.70
Funded Debt				
5% Serial Notes of Dodge Brothers, Inc.— Due May 1, 1929—Net (In Treasury—$445,000.00)				2,305,000.00
5½% Serial Gold Bonds of Maxwell Motor Corporation Due Annually December 15, 1929 to 1934—Net (In Treasury September 30, 1929, $1,371,000.00. December 31, 1928, $1,173,000.00)			729,000.00	927,000.00
6% Gold Debentures of Dodge Brothers, Inc. Due May 1, 1940			55,700,000.00	56,705,000.00
			56,429,000.00	59,937,000.00
Reserves:				
For Contingencies, etc.			16,962,798.25	13,680,675.03
Capital Stock				
Invested Capital			74,493,445.85	72,329,003.35
Represented by Common Stock No Par Value	9-30-29	12-31-28		
Outstanding	4,452,615	4,407,475		
In Treasury and Reserved	31,813	15,317		
Unissued (50,853 Shares Reserved for Conversion of 6% Gold Debentures of Dodge Brothers, Inc.)	1,515,572	1,577,208		
Shares Authorized	6,000,000	6,000,000		
Surplus			59,619,865.50	48,225,210.46
			134,113,311.35	120,554,213.81
			$238,966,210.00	$226,845,333.54

COMPARATIVE SURPLUS ACCOUNT

September 30, 1929 and September 30, 1928

	1929	1928
Balance		
January 1st	$48,225,210.46	$28,980,721.83
Add:		
Net Profit from Operations for the Nine Months Ended September 30th	24,730,419.29	21,786,276.51
Miscellaneous		945.70
Total Additions	24,730,419.29	21,787,222.21
Deduct:		
Dividends on Preferred Stock		1,041,994.82
Dividends on Common Stock—Paid and Declared—		
First Quarter	3,308,992.50	2,037,810.00
Second Quarter	3,338,992.50	2,037,810.00
Third Quarter	3,348,318.00	3,314,565.00
Fourth Quarter	3,339,461.25	
Total Deductions	13,335,764.25	8,432,179.82
Net Additions for the Nine Months Ended September 30th	11,394,655.04	13,355,042.39
Surplus—September 30th	$59,619,865.50	$42,335,764.22

New York Stock Exchange

RAILS

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 10/23/29	Div'd $ Per Share
A								
Atchison	200	161¾	204	182⅜	298⅝	195⅛	261⅛	10
Do Pfd.	106¾	99⅜	108½	102½	104¼	99	103½	5
Atlantic Coast Line	205½	174⅞	191½	157⅛	209½	169	184	‡10
B								
Baltimore & Ohio	125	106½	125⅝	103¾	145⅛	115⅛	127¾	7
Do Pfd.	83	73¼	85	77	80½	75	80¼	4
Brooklyn-Manhattan Transit	70⅞	53	77¾	53⅜	81⅞	57⅛	59	4
Do Pfd.	88	78⅛	95⅜	82	92⅝	79	82½	6
C								
Canadian Pacific	219	165	253	195⅛	265⅞	205	205	10
Chesapeake & Ohio	218½	151¾	218¾	175⅛	279¾	195	257½	10
C. M. & St. Paul & Pacific	19¾	9	40½	22¼	44⅞	27¾	34⅞	..
Do Pfd.	37½	..	59⅝	37	68⅝	46⅛	53¼	..
Chicago & Northwestern	97½	78⅜	94¼	78	108½	80¼	92¼	4
Chicago, Rock Is. & Pacific	116	68½	139⅝	106	143⅛	115	130	7
Do 7% Pfd.	111¾	102¾	111½	105	109	105¼	107⅞	7
Do 6% Pfd.	104	95¼	105	99½	102⅞	98½	102	6
D								
Delaware & Hudson	230	171⅛	226	163¼	226	182	190	9
Delaware, Lack. & Western	173	130⅛	150	125¼	169¾	120¼	148¼	‡7
E								
Erie R. R.	69¾	39½	72½	48¾	93½	64	71½	..
Do 1st Pfd.	66¼	52⅜	63⅞	50	66¼	57	64½	4
Do 2nd Pfd.	64½	49	62	49¼	68⅞	56	63	4
G								
Great Northern Pfd.	103⅞	79⅝	114¾	93⅛	128¼	101	108	5
H								
Hudson & Manhattan	65⅞	40⅛	73½	50⅛	58⅜	34½	51⅛	2½
I								
Illinois Central	139⅜	121⅛	148¾	131¾	153½	132½	133	7
Interborough Rap. Transit	52⅛	30½	62	29	58⅜	19⅝	26⅝	..
K								
Kansas City Southern	70¼	41¼	95	43	108⅞	78	88	5
Do Pfd.	73½	64⅞	77	66½	70½	63⅛	†65	..
L								
Lehigh Valley	137½	88½	116	84⅛	102¼	77¾	80¼	3½
Louisville & Nashville	159⅛	128⅜	159½	139⅜	154¾	136½	140	7
M								
Mo., Kansas & Texas	56½	31½	58	30½	65¾	42½	52	..
Do Pfd.	109½	95¾	109	101½	101½	101⅝	104	7
Missouri Pacific	62	37⅞	76¼	41⅞	101⅜	62½	80	..
Do Pfd.	118⅝	90⅛	126⅞	105	147⅞	120	146⅛	5
N								
New York Central	171½	137⅛	196½	156	256½	178½	210⅛	8
N. Y., Chic. & St. Louis	240½	110	146	121¼	192⅜	128⅛	168	6
N. Y., N. H. & Hartford	63¼	41⅝	82¾	54⅜	132½	80⅞	125	5
N. Y., Ontario & Western	41¾	23¼	39	24	32	17½	17⅛	..
Norfolk & Western	202	156	198½	175	290	191	260¾	‡12
Northern Pacific	102⅛	78	118	92⅝	118⅞	95½	98¾	5
P								
Pennsylvania	68	56¾	76⅞	61⅞	110	72½	97½	4
Pere Marquette	140½	114½	154	124⅞	260	148	195	‡8
Pittsburgh & W. Va.	174	122½	163	121¼	148¾	125⅝	134	6
R								
Reading	123¾	94	119⅜	94¼	147¾	101½	120	4
Do 1st Pfd.	43½	40½	46	41⅛	50	41½	47	2
Do 2nd Pfd.	50	43¾	59⅞	44	60¾	43⅝	47¾	2
S								
St. Louis-San Fran.	117¼	100¾	122	109	133¾	109½	118	8
St. Louis-Southwestern	93	61	124⅛	67½	115¾	81⅝	83⅝	..
Seaboard Air Line	41¼	28⅛	30½	11⅝	21¾	12	15⅛	..
Do Pfd.	45⅜	32⅛	38	17	41¾	16¼	36	..
Southern Pacific	126⅞	106¼	131¼	117⅝	157½	124	137⅛	6
Southern Railway	149	119	165	139½	162⅛	138	147	8
Do Pfd.	101⅛	94	102¼	96⅝	99½	93	99	5
T								
Texas & Pacific	103⅞	53⅞	194⅝	99½	181	130	135	5
U								
Union Pacific	197¾	159½	224⅞	186½	297⅝	209	251⅜	10
Do Pfd.	85¾	77	87¼	82⅛	85½	80⅛	84	4
W								
Wabash.	81	40½	96¼	51	81⅜	55	55	..
Do Pfd. A	101	76	102	88½	104⅞	88¼	92	5
Do Pfd. B	98	65	99½	87	91	77⅛	†77	..
Western Maryland	67⅞	13¾	54¾	31¾	54	32½	33	..
Do 2nd Pfd.	67½	23	54⅞	33½	53½	32⅜	†33	..
Western Pacific	47½	25⅛	38½	28¼	41⅞	32	32¼	..
Do Pfd.	76⅜	55	62⅛	52½	67¾	56	58	..

INDUSTRIALS and MISCELLANEOUS

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 10/23/29	Div'd $ Per Share
A								
Abitibi Power & Paper	150¼	83	85	36¼	57⅞	38⅛	49½	..
Abraham & Straus	118¾	62¼	142	90	159½	101	102	..
Advance Rumely	15¾	7⅝	65	11	104⅞	15	16	..
Air Reduction, Inc.	199⅛	134½	99⅝	59	223⅜	95⅛	195½	‡4½
Ajax Rubber, Inc.	13¾	7½	14⅜	7½	11¼	2½	3	..
Allied Chemical & Dye	169¼	131	252¾	146	354¾	241	286½	6
Allis Chalmers Mfg.	118¾	88	200	115⅛	75½	56⅛	56⅛	2
Amer. Agricultural Chem.	21½	8⅛	26	15⅝	23⅝	8¼	8½	..
Amer. Bank Note	98	41	159	74¾	157	110	125	‡3
Amer. Bosch Magneto	26¾	13	44⅜	15⅜	76⅛	40⅛	50	..
Amer. Brake Shoe & Fdy	46	35½	49⅛	39⅞	62	45	52½	2.40
American Can	77⅝	43⅝	117½	70½	184½	107¾	154¼	‡4
Amer. Car & Fdy	111	95	111⅛	88¼	106½	89	89	6
Amer. & Foreign Power	31	18⅞	85	22⅝	199¼	75¼	112	..
American Ice	32	25¾	46⅜	28	54	38	48	3
Amer. International Corp.	72⅜	37	150	71	96¾	52⅛	65¾	2
Amer. Metal Co., Ltd	49⅜	36⅛	63¾	39	81¾	50	61	3
Amer. Power & Lt.	73⅜	54	95	62¼	175¾	81⅛	104	1
Amer. Radiator & Stand. Sanit.	147⅞	110⅛	191½	130⅛	55⅜	38	38	1½
Amer. Safety Razor	64⅞	42	74⅞	56	74¾	60	63	‡5
Amer. Smelting & Refining	188¾	132⅝	293	160	130¼	98⅛	102	4

* Ex-dividend. † Bid Price. ‡ Partly Extra. § Payable in Stock.

Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS—(*Continued*)

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	10/23/29	Share
A								
Amer. Steel Foundries	72¾	41½	70⅜	50⅛	79⅞	50½	50½	3
Amer. Sugar Refining	95¾	65¼	93⅛	55	94¾	71½	72½	5
Amer. Tel. & Tel.	185½	149¼	211	172	310¼	193¼	272	9
Amer. Tobacco Com	189	120	184⅜	152	232½	160	215	8
Amer. Type Founders	146	119⅞	142¼	109⅞	181	136½	153	8
Amer. Water Works & Elec.	72⅛	46	76½	52	199	167¼	120¼	1
American Woolen	33⅜	16½	32⅜	14	27⅞	11¼	11¾	..
Amer. Zinc, Lead & Smelt	10¼	5¾	57	6⅜	49¼	13⅛	16⅛	..
Anaconda Copper Mining	60½	41¼	120¼	54	140	99	102	7
Armour of Ill. Cl. A	15⅞	8¼	23½	11¼	18⅜	8⅝	8⅝	..
Do Cl. B.	9⅛	5	13½	6⅝	10¼	5	5	..
Arnold Constable Corp	55½	21	51¾	35¼	40⅞	19	20¼	..
Assoc. Dry Goods	53⅝	39½	75½	40¼	70¾	43	45⅞	2½
Atlantic, Gulf & W. I. S.S. Line.	43½	30⅜	59⅞	37⅛	86⅞	32⅛	75	..
Atlantic Refining	131⅜	104	66½	50	77⅞	47	49	‡2
Austin, Nichols & Co	10¼	4¼	9¼	4⅜	11¾	5¼	6	..
B								
Baldwin Loco. Works	265¾	143⅛	285	235	66⅝	35	35	..
Barnsdall Corp. Cl. A	35½	20¾	53	20	49⅛	27½	27½	‡2¼
Beech Nut Packing	74¼	50¼	101¼	70⅜	101	73	80	3
Bethlehem Steel Corp	66½	43¾	86⅜	51⅞	140¾	82⅛	101¼	6
Borden Company	169	167½	187	152	100½	81	81	3
Briggs Mfg.	36⅜	19½	63⅝	21⅛	63⅞	18¼	19	..
Bucyrus-Erie Co.	31	21½	48¾	24½	42¾	22	25⅜	1
Burns Bros. new Cl. A Com	125¾	85½	127	93½	127	94	†100	..
Do new Cl. B Com	34¾	16¼	43⅜	15⅞	39	22⅝	31	..
Byers & Co. (A. M.)	102¾	42	206¾	90½	192⅞	120¼	121¼	..
C								
California Packing	79	60¼	82⅝	68½	84⅞	72⅛	75¼	4
Calumet & Arizona Mining	123½	61⅛	133	89	136¾	117⅝	117⅝	10
Calumet & Hecla	24¾	14¼	47⅜	20⅛	61⅞	36⅝	37⅝	4
Canada Dry Ginger Ale	60⅛	36	86½	54⅞	98¾	78	80½	5
Cerro de Pasco Copper	72½	58	119	58½	120	83¾	86¼	6
Chile Copper	44⅜	33⅛	74⅞	37⅜	127⅛	71⅜	†84⅛	..
Chrysler Corp.	63½	38⅛	140½	54¾	135	49¾	51	3
Coca Cola Co.	199½	96⅛	180½	127	154½	120⅝	143	4
Collins & Aikman	113⅜	86	111¾	44⅛	72¼	20	20	..
Colorado Fuel & Iron	96⅜	42⅝	84½	52½	78½	50	50	..
Columbian Carbon, V. T. C.	101¼	66⅞	134¾	79	344	121¼	255	‡5
Colum. Gas & Elec.	98¾	82⅞	140⅞	89½	140	53½	97¾	2
Commercial Credit	24½	14	71	21	62⅝	43	45	2
Commonwealth Power	78¾	48⅝	110½	62¼	246	107¼	†170¼	..
Congoleum-Nairn, Inc.	29¾	17¼	31½	22	35¾	19½	20¼	..
Congress Cigar	88½	47	87¼	67	92⅜	62⅛	62½	‡5½
Consolidated Gas of N. Y.	125¾	94	170¼	74	183¼	95⅛	121½	3
Continental Baking Cl. A	74⅞	33½	53½	26½	90	47⅛	61⅝	..
Do Cl. B	10¼	4	9⅜	3¾	15¼	8⅛	8½	..
Continental Can, Inc	86⅞	58¾	128⅞	53	92	60	69	2½
Continental Motors	13¾	8⅞	20½	10	28⅜	10	10	.80
Continental Oil of Del	58½	31	49¾	33	47⅛	28½	33	..
Corn Products Refining	68	46⅞	94	64⅜	126⅜	82	120½	‡3½
Crucible Steel of Amer	96¾	76½	93	69¼	121¾	85	92	5
Cuba Cane Sugar	10¾	4⅞	7½	4⅜	5½	¾	1⅛	..
Cuban-Amer. Sugar	26½	18⅞	24¼	15⅜	17	11	11¼	..
Cudahy Packing	58¾	43½	78¼	54	67⅞	43	45	4
Curtiss Wright	..	..	..	..	30⅛	12⅝	13⅝	..
Cuyamel Fruit	55½	30	63	49	126½	63	115	..
D								
Davison Chemical	48½	26¼	68¾	34⅜	69⅛	42	42	..
Drug, Inc.	..	..	120⅛	80	126⅛	105	106½	4
E								
Eastman Kodak Co.	175¼	126¼	194¼	163	264¾	168	218⅛	‡8
Eaton Axle & Spring	29¾	21¼	68⅛	26	76¾	43	43⅛	3
E. I. du Pont de Nemours	343⅞	168	503	310	231	155¾	174	‡4½
Elec. Power & Light	32⅜	16½	49⅜	28¾	86⅝	43⅛	54	1
Elec. Storage Battery	79½	63¼	91⅛	69	104½	77	94⅞	5
Endicott-Johnson Corp.	8[illegible]¼	64¾	85	74¾	83⅜	57⅞	61	5
Engineers Pub. Service	39⅝	21¾	51	33	79⅝	47	52¼	1
F								
Federal Light & Traction	47	37½	71	42	100	68⅛	89½	1½
Fisk Rubber	20	14¾	17¾	8⅞	20⅛	6¼	6½	..
Fox Film Cl. A	85½	50	119⅝	72	105⅝	80¾	87	4
Freeport Texas Co	106½	34¼	109¼	43	54⅞	37¾	42	4
G								
General Amer. Tank Car	64⅜	46	101	60⅞	123½	81	100	4
General Asphalt	96¾	65	94⅞	68	94¾	61	66	..
General Electric	146⅝	81	221½	124	403	219	314	‡6
General Foods	126⅛	92⅝	136½	61⅜	81¾	54	55½	3
General Motors Corp	141	113¼	224¾	130	91¾	57	57⅜	‡3.30
General Railway Signal	153¼	82⅛	123⅝	84¼	126½	93½	100	5
Gold Dust Corp	78¾	42	143¼	71	82	48½	49	2½
Goodrich Co. (B. F.)	96½	42¾	109¼	68½	105¾	62½	62½	4
Goodyear Tire & Rubber	69⅜	48⅜	140	45⅛	154½	86	88	5
Graham-Paige Motors	..	..	61¼	16¾	54	14½	14⅞	..
Granby Consol., Min., Smelt. & Pr.	45	31⅛	93	39⅛	102⅞	62⅛	74	8
Great Western Sugar	44⅝	35⅛	38½	31	44	32¾	35	2.80
Greene Cananea Copper	151½	29¼	177¼	89⅜	200⅛	136⅛	†165	..
Gulf States Steel	64	40	73⅞	51	79	55¼	69	4
H								
Hershey Chocolate	40¼	37⅞	72½	30⅜	143⅞	64	125⅛	..
Houston Oil of Texas	175	60⅛	167	79	109	68½	70½	..
Hudson Motor Car	91½	48¼	99⅞	75	93½	68⅛	68¼	5
Hupp Motor Car	36¼	16	84	29	82	35¼	35¼	2
I								
Inland Steel	62⅜	41	80	46	113	78½	92	3½
Inspiration Consol. Copper	25½	12½	48⅞	18	66¾	37	37⅛	4
Inter. Business Machines	119¾	53⅛	166⅜	114	255	149⅜	231⅜	5
Inter. Cement	65⅜	45¼	94⅞	56	102¾	60⅝	60⅝	4
Inter. Comb. Eng. Corp	64	40⅛	80	45¼	103½	19	19½	..
Inter. Harvester	255⅝	135⅜	97⅞	80	142	92	100⅝	2½
Inter. Mercantile Marine	8¾	3½	7⅜	3¾	39⅛	26⅛	36	..
Inter. Nickel	89½	33¼	269½	73⅝	72¾	40½	47	1
Inter. Paper	81½	39⅛	86⅜	50	112	57½	†80	..
Inter. Tel. & Tel.	158⅞	122¼	201	139½	149¼	78	110¾	2
J								
Johns-Manville	126	55½	202	96¼	242¾	152½	180	3

* Ex-dividend. † Bid Price. ‡ Partly Extra. § Payable in Stock.

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS—*(Continued)*

	1927		1928		1929		Last Sale 10/28/29	Div'd $ Per Share
K	High	Low	High	Low	High	Low		
Kelly-Springfield Tire	32¼	9⅛	25½	19¼	24	7⅛	7⅛	..
Kennecott Copper	90⅜	60	156	80⅛	104⅞	67	67	5
Kresge Co. (S. S.)	77¼	45⅞	91¾	65	57⅛	42	42⅞	1.60
Kroger Grocery & Baking	145	119	132¼	73¼	122½	72	72	1
L								
Lehn & Fink	43	32⅝	64⅞	38	68⅛	40	40⅜	3
Liggett & Myers Tob.	128	87½	122½	83⅛	106	81¼	102	‡5
Lima Loco. Works	76⅝	49	65⅞	38	57⅜	40¼	40¼	..
Loew's Inc.	63⅞	48⅞	77	49⅛	84½	48½	57½	2
Loose-Wiles Biscuit	57¼	35½	88¾	44¼	88⅝	56	66½	2.60
Lorillard	47⅜	23½	46⅞	23¾	31½	18	23½	..
M								
Mack Truck, Inc.	118¾	88¼	110	83	114⅜	87⅛	87¼	6
Magma Copper	58¾	29½	75	43¾	82½	60	64⅝	5
May Dept. Stores	90⅜	66¾	113½	75	108½	73½	81	2
McKeesport Tin Plate	..	..	78⅜	62½	82	62½	65	4
Mexican Seaboard Oil	9¼	3	73	4⅝	69⅜	21	21½	..
Miami Copper	20¾	13⅛	33	17¾	54½	30⅛	38¾	4
Mont. Ward & Co.	121½	60⅜	156½	115¼	156⅞	82½	83¼	3
Murray Body	43	16¼	124¼	21½	100⅞	35	55	3
N								
Nash Motor Co.	101⅞	60¼	112	80¼	118⅞	70⅛	70⅛	6
National Biscuit	187	94¾	195¼	159½	236¾	166½	203	‡7½
National Cash Reg.	51⅝	39⅞	104¾	47¼	148⅜	96	100	‡4
National Dairy Prod.	68⅞	59¼	133½	64½	86⅛	60⅛	60⅛	1½
National Enameling & Stamp	35⅜	19⅛	57⅜	23¼	62¼	43	†48	..
National Lead	202¾	*95	136	115	210	132	176	5
National Power & Light	26¾	19¼	46⅝	21⅞	71⅜	40	42½	1
Nevada Consol. Copper	20⅝	12¾	42⅜	17¾	62⅞	39¾	40½	4
N. Y. Air Brake	50	39¼	50½	39⅞	49⅜	41¼	42	3
North American Co.	64½	45⅝	97	58⅝	186¾	90⅝	118	§10%
O								
Otis Steel	12½	7⅛	40½	10⅛	55	37	48½	2½
P								
Packard Motor Car	62	33¾	163	56¼	32½	20	20⅞	.80
Pan-American Pet. & Trans.	65⅞	40½	55½	38¼	69	40¼	62	..
Paramount Famous Lasky	115⅜	92	56⅜	47¼	75⅛	55½	64	3
Phila. & Reading C. & I.	47⅝	37⅜	39¾	27⅜	34	17⅜	18¼	..
Phillips Petroleum	60¼	36¼	53⅞	35¼	47	35	37⅜	1½
Pierce-Arrow Cl, A	23⅝	9½	30⅞	18⅛	37⅞	27½	29	..
Pillsbury Flour Mills	37½	30⅞	58⅞	32¾	68⅞	39½	42	‡2½
Pittsburgh Coal of Penna.	74½	32¾	78⅞	36⅛	83¾	54½	75	..
Pressed Steel Car	78¼	36½	33½	18	25¾	12⅛	12½	..
Public Service of N. J.	46⅞	32	83½	41½	137¾	75	100½	2.60
Pullman, Inc.	84¾	73¾	94	77⅞	99¼	78	85⅝	4
Pure Oil	33½	25	31¼	19	30¾	23¼	26⅛	1½
R								
Radio Corp. of America	101	41⅛	420	85¼	114¾	67½	68⅛	..
Remington-Rand.	47¼	20½	36½	23⅛	57¾	28	48⅛	..
Reo Motor Car	26⅞	25½	35¼	22⅛	31⅞	15	15	1.40
Republic Iron & Steel	75⅞	55	94½	49⅛	146¼	79¼	105¾	4
Reynolds (R. J.) Tob. Cl. B	162	98⅛	165½	126	66	53	55½	2.40
Richfield Oil of Calif.	28⅝	25⅜	56	23½	49⅝	21	34½	2
S								
Savage Arms Corp.	72½	43⅛	51	36¼	51⅞	34⅞	34⅞	2
Schulte Retail Stores	57	47	67½	35¾	41⅛	13	13⅛	..
Sears, Roebuck & Co.	91½	51	197½	82⅛	181	134¼	134¾	2½
Shell Union Oil	31¾	24⅝	39⅜	23¼	31¾	24½	24½	1.40
Simmons Co.	64¾	33½	101⅜	55¾	188	75	120	3
Sinclair Consol. Oil Corp.	22¾	15	46¾	17⅜	45	25	27	‡2½
Skelly Oil Corp.	37¾	24⅛	42⅝	25	46½	31	33⅝	2
Spicer Mfg. Co.	28⅞	20½	51⅝	23½	66¾	40⅝	40⅝	..
Standard Gas & Elec. Co.	66¾	54	84⅝	57⅞	243¾	80¾	170	3½
Standard Oil of Calif.	60¾	50⅜	80	53	81⅞	64	69⅜	‡3
Standard Oil of N. J.	41⅜	35⅛	59¾	37¾	83	48	73½	‡2
Standard Oil of N. Y.	34⅛	29¾	45½	28¾	48⅛	37⅝	40	1.60
Stewart-Warner Speedometer	87½	54¼	128⅛	77¼	77	50⅜	50⅜	3½
Studebaker Corp.	63½	49	87½	57	98	58½	60	5
T								
Texas Corp.	58	45	74¾	50	71⅞	57¼	60	3
Texas Gulf Sulphur	81⅜	49	82½	62⅛	85¼	62	62	4
Texas Pacific Coal & Oil	18⅞	12	26⅝	12⅛	23⅞	14	14	§5
Tide Water Assoc Oil	19⅛	15⅜	25	14¾	23½	16	16⅝	..
Timken Roller Bearing	142½	78	154	112⅝	139⅜	73½	112	3
Tobacco Prod. Corp.	117⅝	92¾	118½	93	22⅛	5	5½	1.40
Transcontinental Oil	10⅜	3¾	14½	6⅝	15¼	9	11	..
U								
Underwood-Elliott-Fisher	70	45	93⅞	63	181⅜	91	143	4
Union Carbide & Carbon	154½	99¼	209	136⅛	140	75¼	104½	2.60
Union Oil of California	56½	39⅝	58	42¾	57	45½	49	2
United Cigar Stores	38⅛	32⅜	34⅝	22⅞	27½	6	6	1
United Fruit	150	113½	148	131½	158½	109⅝	114¾	4
U. S. Cast Iron Pipe & Fdy	246	190½	53	38	55⅞	21	21	2
U. S. Industrial Alcohol	111½	69	138	102⅛	243⅝	128	201¼	6
U. S. Rubber	67⅛	37¼	63¼	27	65	42	48¾	..
U. S. Smelting, Ref. & Mining.	48⅞	33⅜	71½	39½	72⅞	40	42½	3½
U. S. Steel Corp.	160½	111⅜	172½	132⅝	261¾	168	204	7
V								
Vanadium Corp.	67⅛	37	111½	60	116½	62¾	62¾	‡4
W								
Warner Bros. Pictures	45½	18¼	139¼	80⅞	64½	46¼	49¼	‡3⅛
Western Union Tel.	176	144½	201	139½	272¼	179¾	235	8
Westinghouse Air Brake	50½	40	57⅜	42⅛	67¾	43¼	54¾	2
Westinghouse Elec. & Mfg.	94¾	67⅝	144	88⅛	292⅝	137½	190	4
White Motor	58⅜	30¼	43¾	30¼	53½	38	43	1
Willys-Overland	24¾	13½	33	17¾	35	16⅝	16¾	1.20
Woolworth Co. (F. W.)	198½	117¾	225¾	175½	103⅞	85	87⅛	2.40
Worthington Pump & Mach.	46	20½	55	28	137⅝	43	96½	..
Y								
Youngstown Sheet & Tube	100⅛	80⅛	115⅝	83½	148	120	130	5

* Ex-dividend. † Bid Price. ‡ Partly Extra. § Payable in Stock.

Securities Analyzed, Rated and Mentioned in This Issue

Industrials

Bonds

Railroads

Public Utilities

Mining

Petroleum

THE MAGAZINE OF WALL STREET'S

COMMON STOCK PRICE INDEX

(1925 Closing Prices = 100)

Number of Issues in Group	Group	1929 Indexes (379 Issues)		Recent Indexes		1928 Indexes (308 Issues)		
		High	Low	Oct. 12	Oct. 19	Close	High	Low
379	COMBINED AVERAGE	173.1	151.3	166.6	153.0	165.4	166.0	109.2
40	Railroads	169.5	142.1	161.3	153.3	147.1	148.9	119.5
3	Agricultural Implements	655.4	356.2	406.0	356.2 l	513.2	513.2	280.5
8	Amusement	268.0	206.5	227.1	206.5 l	253.8	262.9	98.3
15	Automobile Accessories	212.6	143.2	161.5	143.2 l	190.2	190.2	86.4
18	Automobiles	134.9	80.0	85.3	80.0 l	133.5	133.5	79.0
2	Aviation (1927 Cl.—100)	307.1	145.6	194.0	145.6 l	284.4	(Begun	1929)
3	Baking (1926 Cl.—100)	96.3	68.5	77.5	68.5 l	82.[illegible]	82.9	51.5
2	Biscuit	267.6	198.6	267.6h	240.5	225.2	242.4	169.7
4	Business Machines	385.8	234.1	385.8H	355.5	235.0	235.0	153.7
2	Cans	273.5	177.7	265.5	237.0	177.7	181.4	117.2
7	Chemicals & Dyes	363.9	221.7	363.9H	319.9	221.9	(Begun	1929)
2	Coal	124.0	80.3	114.0	112.3	120.2	120.3	81.8
14	Construction & Bldg. Material	145.4	116.6	136.2	124.3	136.9	136.9	94.4
15	Copper	391.5	278.6	304.0	278.6 l	299.6	299.6	159.8
3	Dairy Products	146.0	109.8	141.2	132.4	120.4	132.5	68.1
7	Department Stores	86.5	62.1	71.3	65.2	86.5	89.5	62.9
10	Drugs & Toilet Articles	199.2	161.7	172.3	161.7 l	196.0	201.9	157.2
5	Electric Apparatus	298.5	183.5	258.0	228.5	183.5	183.5	125.6
3	Fertilizers	121.4	60.7	65.8	60.7 l	106.4	116.3	78.4
2	Finance Companies	213.9	161.4	202.9	179.6	178.5	(Begun	1929)
4	Furniture & Floor Covering	209.3	143.3	199.7	176.7	185.0	185.0	110.2
5	Household Appliances	110.8	80.9	84.8	82.5	110.8	113.3	87.5
3	Investment Trusts	406.2	154.4	308.2	262.9	154.4	(Begun	1929)
3	Mail Order	418.6	255.0	297.1	255.0 l	418.6	426.5	147.9
4	Marine	93.7	71.4	84.8	82.3	77.4	96.5	66.8
2	Meat Packing	104.4	66.4	68.9	66.4 l	104.4	(Begun	1929)
40	Petroleum & Natural Gas	171.7	143.5	152.0	145.3	164.4	182.6	86.1
5	Phono'phs & Radio (1927—100)	321.1	223.0	247.4	223.0 l	290.0	(Begun	1929)
17	Public Utilities	388.4	213.3	367.2	299.7	215.5	215.5	127.9
10	Railroad Equipment	136.1	117.5	132.4	123.8	127.6	128.9	112.1
3	Restaurants	180.5	119.3	179.5	171.1	131.0	138.1	89.8
2	Shoe & Leather	178.3	117.3	128.6	120.9	176.2	231.4	138.3
2	Soft Drinks (1926 Cl.—100)	244.0	206.9	230.7	226.3	208.6	214.0	152.9
13	Steel & Iron	173.4	133.3	172.5	157.4	138.8	143.4	86.3
6	Sugar	81.6	58.2	60.9	58.2L	78.7	93.7	72.8
2	Sulphur	295.2	240.2	257.0	240.2 l	286.9	386.9	251.6
3	Telephone & Telegraph	252.3	150.1	246.1	227.3	150.1	150.1	120.8
6	Textiles	128.5	74.9	82.5	74.9 l	122.8	123.8	78.6
8	Tire & Rubber	111.4	58.4	63.4	59.0	104.0	104.0	61.5
11	Tobacco	184.6	130.4	144.7	132.7	180.9	195.0	167.8
5	Traction	140.4	80.4	87.4	80.5	126.6	150.4	103.8
2	Variety Stores	128.8	110.9	120.3	112.7	124.4	126.8	98.0

H—New HIGH record since 1925. h—New HIGH record this year.
L—New LOW record since 1925. l—New LOW record this year.

(An unweighted Index of weekly closing prices specially designed for investors. The 1929 Index includes 379 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our methods of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

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Phillips Petroleum

(*Continued from page* 37)

already been made by payment in stock and this method will probably be used as often as possible in future acquisitions.

The two-fold development program which the management of the company has inaugurated, namely, to build up a complete and well rounded unit in the oil business, and diversification into allied lines, will unquestionably tend to increase the earning power. The position of the company has been greatly strengthened thereby and the long term outlook for the common stock considerably improved. The common is currently selling at about 35 on the New York Stock Exchange, comparing with a high this year of 47 and a low of 27⅝. The shares of petroleum companies, of course, are more speculative than some other types of industrial companies, being characterized by wide fluctuations in earnings, depending on conditions in the industry. A return of favorable conditions in the oil industry will undoubtedly mean a large gain in the per share earnings of Phillips Petroleum Co., a development which the stock will in all probability reflect marketwise when it materializes.

New Standards for Profitable Investment in Chain Stores

(*Continued from page* 17)

which demands a very active and effective personnel division. This is in the making, if recent changes are to be considered significant.

Lane Bryant is a specialty chain with comparatively small units. Therefore, the managers can and do exercise fairly close supervision of the work of the individual.

In the field of group department stores which is becoming larger every month, due to various mergers, it is a pleasure to go into matters at Macy's. It is enough to say that every possible means of improving personnel and of managing to cash advantage is in use. The store is far ahead of every other similar store; not only do their gross sales increase yearly, but so also does their percentage of net profit. Stock rights were issued in August, 1928, which were equivalent to a 3 for 1 split; August 27th, the stock sold at 382; on August 28th, it sold at 134 ex rights.

Gimbel's cannot show such a record.

And Gimbel's, together with its related stores, has been behind the times in personnel policies. But it is good to report that the management has finally changed its attitude, and that during the past six months drastic changes have been effected. Perhaps results will show in earnings at the close of this winter season and at any rate, conditions are changing for the better.

There are two big restaurant chains. Schrafft's (Shattuck) represents one of the best managed chains in the country. It is hardly necessary to go into Child's management difficulties, which were extended far beyond their employee personnel and allowed to influence buying policies. Their personnel policies are being improved under the new regime and we had better wait and see what happens.

The best proof, if any further be required, of the importance of personnel development, is to be found in the fact that owners and large stockholders in retail stores are very much aware of its value themselves now, and in the past year alone surprising things have occurred. The intensive developments Dr. Klein refers to will take place in that phase of the business. There will be no justification for putting money into the stocks of stores which are seriously deficient in personnel development; the management of such stores is blind to the principal trend in its own industry.

Reynolds Investing Company

A comment in the issue of September 21st to the effect that a large part of the common stock received by the organizers of Reynolds Investing Co. was understood to have been sold, has been answered by the company with the statement that the organizers still retain over 50% of the common which they purchased at the time of organization.

Erie Railroad

(*Continued from page* 23)

1926, and the end of the past fiscal year. Improvements to leased property reflected an increase of $5,203,213 during the same period. Notwithstanding the fact that the total increase in improvements to the foregoing during the period totaled $13,345,342, the latter amount does not reflect the actual capital expenditures on the property. These totaled $35,113,517, but were greatly obscured through the retire-

ment of equipment, amounting to $14,618,115 and charged against surplus. Furthermore, there was a reduction of $10,000,000 in the company's floating debt and the company's financial position was materially strengthened. To permit the movement of heavier train loads, passing tracks were lengthened, many bridges were strengthened and heavier rail laid. The company also acquired 145 new locomotives and 500 freight cars, in addition to rebuilding many other units. As of December 31st, 1928, current assets were $36,077,622 and current liabilities $16,401,498. Cash and special deposits were $15,090,227.

Erie's capitalization is fairly well balanced. Funded debt as of December 31st, 1928, amounted to $236,923,462 and comprised 51.4% of the total capitalization. The latter included $27,493,700 of equipment obligations. Erie is comfortably situated with regard to maturing obligations, the largest item being $15,569,000 of Consolidated 7's, due in 1930. The company's credit has improved to such an extent that it should be able to refund this obligation at a much lower rate of interest, with a considerable saving for net income.

Annual interest on the company's outstanding bonded debt was at the rate of 4.73% and fixed charges including rentals were earned 1.68 times in 1928, as compared with 1.23 times in 1927. Moreover, the margin of earnings over interest requirements should continue to widen, inasmuch as a still further improvement in earnings will be reported this year. Stock totaled $215,021,100 and comprised 48.6% of the capitalization. Of the foregoing amount, common stock totaled $151,116,700. There is also outstanding $47,904,400 of first preferred stock and $16,000,000 of second preferred stock, on which dividends were recently resumed, after being suspended in 1907.

Erie Railroad is ably managed and is capable of sustaining a much larger volume of traffic, without any great increase in expenses. This is reflected in the company's statement of earnings for the first eight months of the current year. For the period ended August 31st, 1929, the company reported total operating revenues of $75,478,936. The latter compares with $70,296,829 in the corresponding period a year ago, an increase of $5,182,107. Net railway operating income for the eight months ended August 31st, 1929, were $13,078,530 as compared with $10,745,023 for the same period in the previous year. As a large proportion of Erie's revenues are derived in the latter months of the year, it is quite conceivable that the showing for this year will be the most favorable in the history of the company. The management's policy of vigorous traffic solicitation and its ability to handle an ever increasing volume of business in such an efficient manner, as to save the greatest proportion of the increase in gross revenues for net railway operating income, indicates that earnings on the common stock should attain sufficient magnitude to permit the payment of dividends in the not far distant future. In the circumstances, therefore, it appears that the junior equity of Erie is not without attraction as a long term holding for the patient investor.

Loew's, Inc.

(Continued from page 23)

est on any interest date on thirty days' notice on or before April 1st, 1931, the premium thereafter decreasing ¼% on each semi-annual date until maturity.

The warrants on the bonds are now detachable and give the holder the right to purchase common stock in the ratio of 5 shares for each $1,000 bond at the price of $55 per share at any time before April 2nd, 1931. The indenture contains provisions to protect stock purchase warrants against dilution. In view of the 25% stock dividend paid on the common on June 18th, 1928, there will be issued on the exercise of the warrants 1¼ shares of common gratis. Stated another way, the warrants on each $1,000 bond give the holders the right to subscribe to 6¼ shares of the present common stock at a total cost of $275 or $44 per share. This compares with the current market price for the common of $55 per share.

The earnings of Loew's, Inc., have increased without interruption since 1921. For the fiscal year ended August 31st, 1928, the gross revenues amounted to almost $100,000,000. The net available for fixed charges including the service on the 6% debentures was sufficient to cover these charges more than six times, and in no year since 1922, when the interest charges were first separately reported, were less than six times the total charges. Earnings for the 1929 fiscal year will again set a record.

With reference to the warrants, the earnings on the common stock are important. For the forty weeks ended June 2nd, 1929, these were equivalent to $5.59 per share as against $5.27 for the corresponding period the year before. The earnings per share for the full 1928 fiscal year amounted to $5.86 and for the 1927 period to $6.35.

Earnings on the common for the full 1929 fiscal period will undoubtedly establish a new record.

Higher prices for the common stock should follow a rising trend in earnings or merger with another large company, and in the case of Loew's, Inc., both of these developments are probable. Higher levels for the common stock, of course, will act as a lever on the price of the bonds with warrants attached. The 6% debentures due 1941, including the warrants, have ranged in price this year from 103 to 124 and are now obtainable at about 106 on the New York Stock Exchange. At this price they give a current yield of about 5.65% and offer an attractive holding for price appreciation.

If Europe Should Unite

(*Continued from page 14*)

from a Europe united, at least, commercially.

It is not so much extra-continental trade that Europe seeks through union as a multiplication of intra-continental trade. Here are 500,000,000 people who, if they lived on the American scale, would be making and consuming three times as much as at present. Prosperity is nothing but maximum productivity and maximum exchange. Take away the barriers and Europe would be like a released spring. As with us, trade would be measured by desire rather than desire by trade. Europe would buy of Europe what it wanted instead of endeavoring to want only what it can parsimoniously buy.

The "Pact of Economic Solidarity"

Is it surprising that the League of Nations is already profoundly studying the first steps toward a United States of Europe? (Perhaps a future historian will conclude that the League itself was the first manifestation of a United States of Europe.) The memorandum above quoted recommends a "Pact of Economic Solidarity" that is now being studied at the meeting of the League's Economic Committee. It is possible that this pact's outline may be adopted by the League during 1930, and that by the end of that year the nations of Europe may be working on the first "collective treaty"—the first definite diplomatic step toward the realization of Briand's dream.

It cannot be doubted that the organization of a United States of Europe in an economic sense is now

seriously undertaken. With the possibility that the first step may be realized by 1931 it behooves Americans to ponder seriously how much a union may affect their interests. In the first place it must be realized that the existing cartels which seem to bind European industries into international unions are in no sense a substitute for commercial union, although the intimate international personal relationship that have grown out of them, have undoubtedly contributed powerfully to the suppression of nationalistic prejudices in the realm of trade. The cartels are based on complete reservation of the home market of each participating nation whereas an economic union would reciprocally open the home markets. But with thousands of their leading industrials working together in international trusts or cartels—France and Germany are in 29 international cartels—the business worlds of Europe are beginning to talk the same language.

For Europe—Not Against U.S. As the League of Nations envisages what it calls a Pact of Economic Solidarity, instead of a United States of Europe, it is not to be an organization inimical to the United States. Its primary object is represented to be the expansion of the internal trade of Europe through liberalization of international restrictions—"the superiority of a large economic unit over an agglomeration of separate units * * * is indisputable." It is explained that the "principal cause of depression in Europe must be sought in the fact that Europe's principal market is Europe herself, and that this very market has only very limited purchasing power and cannot develop as it should, owing to its excessive sub-division."

It is undeniable, as proved by our actual experience in some commodities with certain nations, that the development of mass production in Europe, whilst stimulating consumption will at the same time crowd out American manufactured goods in many lines. We know, too, that whenever any region gains in prosperity and domestic trade its foreign commerce tends to expand. A highly industrialized Europe will require more than ever American foodstuffs and raw materials. It will also buy more and more of those specialties in which we have such success that Europe will not think it worth while to compete. Our total trade with an economically united Europe is likely to be far more than with a separated Europe. A Europe, powerful through union, will proceed more rapidly with the development of its colonies and

economic dependencies, and all experience shows that European colonies are rich fields of trade for the United States.

Some Upsets Are Certain

Nevertheless, it may be taken for granted that greatly increased productivity in Europe will cause serious disruptions of industry in the United States. As with the improvement of productivity among individuals at home, it will work sweeping changes in our industrial group adaptations.

The foregoing conclusions are based on the assumption that the United States of Europe will be surrounded by a high tariff wall. That is not precisely what is contemplated now, but it is so in effect: The general plan of the proposed compact is that the nation's party to it will reciprocally reduce or abolish their mutual frontier trade barriers whilst leaving them stand as against other countries. It is proposed to create a unit that will except the individual national members from the operations of the most favored nation clause of present treaties, which now prevents any nation of Europe from giving any concession to a neighbor which does not automatically apply to the United States. Such concessions would be denied to the United States under the proposed pact, except in return for equivalent concessions by the latter.

Isolating Uncle Sam

One effect of the United States of Europe might be to force a reduction of American tariffs and thus be a step toward freer trade throughout the world. It is even stated by the proponents of the solidarity pact that it need not be ultimately confined to Europe; any nation, anywhere, may subscribe. The United States might discover that unless it changed its policy of high protection a large part of the world would be drawn into a more or less antagonistic economic league aiming at self-containment and exclusion of the United States. Viewed in this light, it is contended that the United Kingdom, can be a part of an economically united Europe, without being called upon to choose between Europe and the Empire.

It is not the intention to raise the prevailing levels of the national tariffs of Europe, but to reduce or abolish them as between the members of the compact. It is pointed out that even if there were no nations outside of Europe the problem would still be much the same for the people of Europe. They would need to find some way to multiply their trade and their production, and so raise their standards of living.

The conclusion cannot be avoided that some sort of an economic United States of Europe is a normal development, and that it will come if the fear of war is banished. It is an evolution so akin to our own domestic policy that we cannot consistently oppose it. As protectionists we have insisted that high standards of living in the United States give our people a foreign buying power that they would not otherwise have had. If that is the case we should welcome a lifting of the standards of life in Europe, even at the cost of some bitter and frequently destructive competition there and elsewhere abroad. When European standards are as high as ours much of the justification of high protection in American will disappear. Equal standards will mean equal wages and a general equalization of costs.

Perhaps, M. Briand has started something that, being first an economic union of Europe, may eventually become an economic union of the world.

Trade Tendencies

(*Continued from page* 48)

crease of about 5% in operating rates has occurred in the past few weeks—a decided acceleration in the gentle rate of decline prevalent since May—making a total approximately 19% under the May peak. Almost half of this production loss is attributed to the declining automobile output and recovery of this lost tonnage depends on the degree of success which meets the efforts of automobile manufacturers to reestablish heavy operations. At present, manufacturers of small cars are retrenching preparatory to bringing out new models and are said to be planning sales drives for the near future; but it is an open question as to how the buying public will receive these efforts. On the other hand, heavy rail and rail equipment orders are requiring large amounts of steel, heavy construction projects are in good volume, and active demand for plates for tanks and ships has developed. These factors should be sufficient to keep production from slipping too greatly. Another disturbing development, however, is the recent weakness of the general price structure. Concessions have been reported in many items and while they are not extensive in degree, they will, nevertheless, have some unfavorable effect on profits.

In general, the situation is far from

These Stocks ▲ ▲

what should you do about them?

U. S. Steel	Hudson	Royal Dutch	Paramount	Internat'l Harv.
Bethlehem	General Motors	Texas Corp.	Commercial Credit	Internat'l Tel.
Nash	Kennecott	Standard of N. J.	Baltimore & Ohio	Lambert
Hupp	Anaconda	Atlantic Refining	Allied Chemical	Radio
Chrysler	American Smelting	Sinclair	Timken R. B.	Warner Brothers
Graham Paige	General Cable A	Beech-Nut	Fox Film A	

BUY? SELL? HOLD?

Do you know what these stocks will do next? The recent action of the market has made it of outstanding importance to investors to know just this. Do you know which should be sold *without delay* and which held? Are there any that offer excellent prospects for substantial and rapid appreciation? Severe price declines have made many look extremely attractive at current levels. Are they, or are *further and sustained losses in prospect?* Our Bulletin covers this question definitely. It goes further; it analyzes the steel, motor, copper and oil industries and gives a definite opinion on the position of the companies in each. It gives specific advice as to what course of action is desirable now.

Van Strum clients were warned in time

Had you followed Mr. Van Strum's advices during the past 10 months you would have purchased a selected list of stocks and derived substantial profits. *You would then have been warned clearly of the break in prices of the utilities, coppers, steels, motors and certain specialties.*

These are typical Van Strum advices before the break

	Prices when warnings were given	*Recent lows*	*Declines*	
Standard Brands	44	20	24	—"*The current price discounts the immediate prospects.*"
Montgomery Ward	135	50	85	—"*We believe the stock will be available from time to time at lower levels than present prices.*"
U. S. Steel	248	193½	54½	—"*Until a substantial reaction occurs, the profit possibilities in trading operations in steel stocks is disproportionate to the risk involved.*"
Bethlehem	134	92½	41½	
National Cash Register	140	79	61	—"*We believe the stock will occasionally be available at lower levels than at present.*"
Consolidated Gas	176	108½	67½	—"*We wish to point out the risks involved in holding utilities at present prices . . . It is possible that substantial reactions will occur.*"
Public Service N. J.	132	90	42	
United Gas Imp.	54	30	24	
General Motors	77	49	28	—"*Those with an unduly large proportion of their funds in motors should do well to lighten their holdings and shift to other groups.*"
Nash	85	60	25	
Chrysler	72	43	29	
Amer. & Foreign Power	184	86½	97½	—"*From a trading standpoint, present prices do not appear attractive to us.*"
Electric Bond & Share	185	95	90	

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being critical. Production declines have been less than anticipated and if producers are able to keep prices from slipping further, earnings for the fourth quarter will be up to expectations and should exceed estimates for the year as a whole.

COPPER

Producers in Sound Position

Despite the somewhat bearish reports recently circulated, close study of the copper industry reveals little reason for concern over the position of principal producers. Production has been closely aligned to demand this year, present producers' stocks are not excessive and consumer stocks are cut to immediate requirements. Further, output in the first ten months this year was 3,223,977 lbs. against 3,089,187 lbs. produced in the like period in 1928. Consumption has increased with gains in domestic utility, ship-building, wire and cable requirements. Foreign buying has been unusually large and promises to develop in heavier volume as extensive European electrification projects progress. The most favorable factor in the current situation is the high level which quotations have maintained in this period. After attaining a price of 25 cents per pound earlier in the year, quotations receded to 18 cents where they have remained despite efforts of consumers to lower them. In view of the fact that production costs of the two principal producers are 8 cents per pound and that costs for other major companies range between 9 and 10½ cents, it may be seen that profit margins at prevalent prices are liberal. In fact, many companies could, and have in the recent past, show good earnings with quotations 2 cents lower.

Thus, with consumption gaining, production well regulated and prices allowing ample profit margins, the position of principal producers seems to be fundamentally sound and earnings should continue satisfactory.

AVIATION

Rate of Expansion Checked

A decrease of approximately 50% in the expected demand for planes during this year has placed the aviation industry in a highly competitive state which will inevitably result in elimination of weaker interests.

Hitherto, demand, stimulated largely by Lindbergh's heroic flight, had

pressed manufacturers to capacity and a great number of small companies were formed to supply the market for small, low-priced pleasure and training craft. However, over enthusiastic production by these minor interests has flooded the market with small units; extensive price cuts have left bare profit margins and small manufacturers are fighting for an outlet for their product—an outlet which means existence for them but which is chiefly controlled by a few large companies

These large companies arose from a series of mergers of principal manufacturing, assembling distributing and operating interests and at the present time dominate all phases of the industry. Their wide diversification of products, ranging from the smallest craft to large mail, freight and passenger units, tends to lighten the depressing conditions in the small plane field and their extensive sales organizations are able to find markets hidden to small manufacturers. Further, their allied activities in the growing passenger, mail and training fields have a stabilizing effect on earnings. Nevertheless, even these major interests are facing a trying period.

While total production this year will probably be about 50% above 1928 and while bookings of large, well balanced companies are reported to be ranging up to 43% over last year, these increases are falling short of expectations and stock prices, based on greater anticipated gains, are not likely to show much appreciation until the industry, as a whole, is on a firmer footing.

Answers to Inquiries

(Continued from page 46)

of the oil industry, the company in its present form being an outgrowth of a business originally established upwards of 35 years ago. In addition to the machinery and equipment manufactured in its own plant, the company has selling arrangements and sales contracts with large manufacturers of gas engines, steam engines, boilers, etc. While net earnings have fluctuated to correspond with changing conditions in the petroleum industry, the company has an excellent past record, average annual profits in the six-year period ended with 1928 being equal to $9.80 a common share, based on the number of shares from time to time outstanding, net in 1928 being equal to $9.59 a share on the 300,000 $50 par common shares now outstanding. Marked improvement was registered in the first six months of 1929 when net was equal

(Please turn to page 71)

Statistical Record of Business

	Week Ended Oct. 19, 1929	Week Ended Oct. 26, 1929	Year Ago
Volume Stock Exchange Transactions (shares)	20,810,890	37,502,180	23,971,330
Average Price Magazine of Wall Street Index	153.0	136.0	148.0
Volume Bond Transactions	$67,074,800	$91,478,000	$54,401,125
Average Price 40 Bonds	87.23-86.36	87.62-87.25	90.87-90.75
Brokers' Loans (Federal Reserve)	†$6,801,000,000	‡$6,634,000,000	$4,772,000,000
Comm'l Loans Federal Reserve Member Banks	$9,582,000,000	$9,552,000,000	$9,195,747,000
Federal Reserve Ratio	73.1	74.5	68.0
Gold Holdings	$3,158,359,000	$3,189,846,000	$2,778,294,000
Rediscount Rate, N. Y.	6%	6%	5%
Debits to Individual Accounts	†$17,644,000,000	‡$19,335,000,000	$16,559,000,000
Call Money	5%	6%	8%
Time Money (90 days)	7¼%	6¾%	6¾-7%
Commercial Paper	6%	6%	5½%
Acceptances (90 days)	5¼-5⅛%	4⅞-4¾%	4⅝-4½%
Dun's Business Failures	359	455	497
Weekly Food Index (Bradst's)	$3.25	$3.22	$3.33
	Sept. 1	Oct. 1	
Wholesale Prices (Bradst's)	$12.67	$12.70	$13.13

Industrial Barometers

	August	September	Year Ago
U. S. Steel Unfilled Tonnage	3,658,211	3,902,581	3,698,368
Steel Ingot Production	4,925,802	4,510,879	4,147,583
Pig Iron Production	3,755,680	3,466,611	3,062,314
Pig Iron Furnaces in Blast	210	205	197
*Copper Production (short tons)	91,735		76,952
Car loadings	5,590,853	4,538,575	4,470,541
Automobile Production	498,361	415,332	415,314
Building Permits (Bradstreet's)	$148,059,000	$148,059,800	$173,809,900
Petroleum Production (bbls.)	92,288,000		77,807,000
Bituminous Coal Production (net tons)	43,889,000	44,515,000	41,971,000
Cotton Consumption (bales)	558,113	545,649	492,307
Spindles active	30,236,880	30,037,922	28,209,094
Wool Consumption (lbs.)	51,447,103	51,447,103	49,122,328
Railroad Earnings	$141,436,100		$128,435,630
% on Railroad Property invested	67.46		68.82

Foreign Trade

	August	September	Year Ago
Merchandise Exports	$382,000,000	$442,000,000	$421,607,000
Merchandise Imports	$377,000,000	$353,000,000	$319,668,000
Gold Exports	$881,000	$1,205,000	$3,810,000
Gold Imports	$19,271,000	$18,891,000	$4,273,000

Distributive Trades

	July	August	Year Ago
Wholesale Distribution—eight lines—index number**	101	103	101
Chain Stores Sales Index number**	181	195	166
Dept. Stores Sales Index number**	106	112	105

* U. S. Mines. † Oct. 16, 1929, adjusted for seasonal variations. ‡ Oct. 23, 1929. ** Monthly aver. 1923-25 = 100.

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An attractive investment opportunity is offered by the Class A Convertible Preference Stock of this company, makers of equipment widely used by the largest industrial corporations (automobile, radio, packing, furniture). Yield over 7% and convertible share for share into common stock. Write for circular 633.

New York Curb Market

IMPORTANT ISSUES

Quotations as of October 24th, 1929

Name and Dividend	1929 Price Range High	Low	Recent Price
Aluminum Co. of Amer.	539½	146	300
Aluminum Pfd. (6)	108¼	103½	107
Amer. Cyanamid "B" (1.60)	69½	30⅜	38⅞
Amer. Gas Elec. (1)‡	224⅞	128	147
Amer. Super Power	71¼	25	32¾
Assoc. Gas Elec. "A" (2.40)	72⅝	49¼	56⅜
Centrif. Pipe (0.60)*	13	5⅝	6½
Cities Service (.30)†	68⅛	28⅛	51½
Cons. Gas of Balt. (3)	160	88⅛	109
Consolidated Laundries	21	12½	14⅜
Durant Motors†	20	6¼	6¼
Elec. Bond Share (6) Stk†	189	73	107½
Elect. Investors (6%) stk†	302⅞	77½	169¾
Ford Motors of Canada A	69¼	33¼	35
Ford Motors, Ltd.	21⅞	11⅞	12⅞
General Baking*	10⅞	5⅛	5¾
General Baking Pfd. (6)*	79⅛	58	58
Glen Alden Coal (10)†	159¾	118½	125¼
Gulf Oil (1.5)†	209	142⅛	164
Happiness Candy Stores	5⅜	1¼	2
Hecla Mining (1)	23⅞	15	15
Hygrade Food Products	49⅞	17	18⅞
International Utilities B	22⅞	9⅝	10½
Insur. Securities, Inc. (1.40)	33	20	20
Lion Oil Refining (2)*	38⅞	18	24⅜
Lone Star Gas (.80)	67⅞	32¼	46⅛
Metro Chain Stores	89	60	60
Mountain Producers (1.60)†	22⅞	7	8⅞
National Fuel Gas (1)	43⅞	24¾	30
New Mex. & Arizona Land†	9¾	4	4
New Jersey Zinc (new)	87⅞	75	75
Nipissing Mining (30c)*	3¾	1⅞	2
Pittsburgh & Lake Erie (5)	156⅞	132	132
Salt Creek Producers (2)†	25⅞	10⅛	10⅛
So'east Pwr. & Lt. (stk) (4)	138	71½	103¾
So'east P. & Lt. pr. pfd. (4)	98	83⅞	84⅛
Stutz Motors*	34	7⅛	8
Tobacco Products Export†	3⅜	1⅛	1⅛
Transcontinental Air Trans.	33⅝	12	12
Trans Lux	24	5⅜	8
Tubize Artif. Silk† (10)	550	225	270
Tung-Sol (2)	49⅜	30	30
U. S. Gypsum (1.60)	91⅝	56	68½
STANDARD OIL STOCKS			
Continental Oil	29	16⅞	20
Humble Oil (2)†	123	89⅝	108⅛
International Pet. (37½)	30⅜	22⅛	25⅛
Ohio Oil (2¼)	79⅞	64⅛	73⅞
Standard Oil of Ind. (2½)†	63	51⅛	52⅜
Vacuum Oil (4)†	133¾	105½	114

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.
§ Bid price.

THE New York Curb Market shared with the Stock Exchange in the recent break for reasons that were largely identical with both markets and which are discussed in considerable detail elsewhere in this issue. The volume of trading on the session of October 24th established a new Curb record with transactions in 6,338,000 shares of stock with the tape several hours late during and at the end of the day. Utilities were heavy losers and occupied a prominent place in the hectic session, particularly from the standpoint of volume of trading. Oil shares held up about as well as any group, these shares, however, suffering with the rest of the list in the severe liquidation.

The only sharp line of distinction that might be drawn between the Curb Market and its big-brother market was the comparatively lighter forced selling by brokers to close out impaired margin accounts. Curb traders who have been complaining of the niggardly attitude of brokers and bankers in accepting curb securities as collateral found this discrimination to stand them in good stead during the break. The type of stocks that were acceptable for margin trading, as a matter of fact, were the heaviest losers in the break. To offset this advantage, however, many Curb stocks were thrown on the market because, being owned outright, the proceeds could be used by traders to support their stock exchange accounts. Many of the high grade investment stocks on this market were hard hit through the break on this account.

The ability of the Curb market to rally from the extreme low prices was an encouraging indication to those who are interested in the future of this securities market. This was the first test for the eight-year old Curb Market as it is now organized and it has demonstrated its ability to weather a short lived but nevertheless severe stock panic. For investors who have been waiting for a favorable opportunity to acquire sound investment issues, the break has opened up opportunities for immediate commitment.

For Feature Articles to Appear in the Next Issue See Page 5

(Continued from page 67)

to $5.09 a common share against $1.63 a share in the same period of 1928, with estimates of profits in the full 1929 year of around $10 a share. Financial position is excellent, and it is possible that dividends at the regular annual rate of $5 a share will be augmented by a sizable extra disbursement before the end of the current year. The shares seem favorably priced at existing quotations, and present holdings should be retained.

NATIONAL BISCUIT

Had I better be satisfied with my profit of $40 a share on National Biscuit or shall I hold this stock? I bought my 50 shares with the idea of taking my profit as soon as the stock went up, but if it hasn't reached its limit, I want to stay with it. What shall I do?—E. M. L., Denver, Colo.

National Biscuit ranks as the world's largest specialty baking concern, producing several hundred well known products, in addition to which it manufactures its own containers and produces its own supply of flour through a subsidiary. Earnings have followed a sharp upward trend over a long period of years, results from operations in 1928 being equal to $7 31 a share of common against $7.11 a share in 1927, followed by $3 89 a share in the first six months of 1929, with estimates of profits for the full 1929 year of $8 a share. The company's policy of acquiring profitable concerns in its field, whenever possible, has contributed largely to the upward tendency in net profits. Future acquisitions may be expected from time to time and by virtue of an impregnable financial position expansion may be effected, to an appreciable extent, without recourse to new financing. There seems no serious bar to a continuation of substantial growth in earning power, and while current quotations of the shares seem to exhaust near term prospects, the stock appears in the light of an excellent long term holding. We suggest continued retention if you are prepared to ignore temporary market price fluctuations.

GRANBY CONSOLIDATED MINING, SMELTING & POWER

I must have missed the announcement of what the Granby directors did about increasing the dividend. Please let me know the outcome of the recent meeting, and tell me what you think the outlook is in general for Granby Consolidated. Will their ore reserve last long and do you advise me to carry?—T. G. B., Pittsburgh, Pa.

Granby Consolidated Mining, Smelting & Power Co. in addition to copper, produces gold and silver from proper-

(Please turn to page 73)

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date

	Bid	Asked
Aeolian Co., pfd. (7)	...	70
Aeolian Weber	...	15
Aeolian Weber, pfd. (7)	...	30
American Book Co	93	96
American Cigar (8)	135	140
Pfd. (6)	106	...
Amer. Dist. Teleg. (4)	82	87
Do Pfd. (7)	109½	111½
Amer. Meter Co. (5)	111	115
Babcock & Wilcox (7)	128	133
Bliss (E. W.) Co., 1st Pfd. (4)	58	62
Cl. B Pfd. (0.60)	10	...
Bohack (H. C.) Co. New (2¼)	72	77
1st Pfd. (7)	99	103
Colt Fire Arms	33	38
Congoleum Co. Pfd. (7)	104	107
Crocker-Wheeler Elec.	84	84½
Pfd. (7)	100	104
Detroit & Canada Tunnel	6	6½
Dixon (Jos.) Crucible (8)	170	175
Fajardo Sugar	75	80
Franklin Rwy. Sup. (1)	69	73
Gt. A. & P. Tea Pfd. (7)	113	116
Helme, Geo. W. (4)	...	100
Pfd. (7)	127	130
Knox Hat New, w. i.	...	135
Ludlow Mfg.	166	170
Metropolitan Chain Stores:		
New Pfd. (7)	102	110
Murphy (G. C.) (1.20)	95	100
Pfd. (8)	104	108
National Sugar Ref. (2)	35	38
Neisner Bros. Pfd. (7)	180	195
New Eng. Tel. & Tel. (8)	160	163
Newberry (J. J.) Pfd. (7)	102	105
Remington Arms	42	44
1st Pfd. (7)	92	98
Savannah Sugar (8)	100	106
Pfd. (7)	100	106
Shaffer Oil & Ref. Pfd. (7)	87	...
Singer Mfg. Co. (10P)	490	510
Superheater Co. (6P)	220	250
United Porto Rican	42	43
Pfd. (3.50)	43	46
Wash. Ry. & Elec.	600	700
Pfd. (5)	96	97
Wheeling Steel	103	103½
Do Pfd. A	127	...
Do Pfd. B	138	140
White Rock 2nd Pfd. (5)	210	230
1st Pfd. (7)	100	104
Woodward Iron (4)	45	52
Pfd. (6)	90	...

P—Plus extras.

OVER-THE-COUNTER stocks broadly speaking, shared only mildly the fate of listed issues during the hectic markets of the past fortnight. Liquidation carried prices to lower levels without material regard to actual values in some cases. But, notwithstanding the panicky condition of the leading exchanges and the demoralization which prevailed in listed issues for a time, holders of sound investment stocks among the "unlisteds" had little cause for concern. The absence of margin speculation in this important market undoubtedly accounts in large part for the relative stability exhibited by sound industrials dealt in over-the-counter. Wheeling Steel and Remington Arms, for example, to which attention has been directed in this Department, on former occasions, held firmly to price levels previously established. Babcock & Wilcox was a similar bright spot.

Babcock & Wilcox

This company has an impressive earnings record, characterized by a high degree of immunity from business depressions. Even in the difficult period of 1921, Babcox & Wilcox, though reporting a considerable falling off in net from the two prosperous years preceding, earned a balance of $9.30 a share for the common stock, which constitutes the company's sole capital obligation. There are 22.70 million dollars of this issue outstanding, shares having a par value of $100. Between 1920 and 1927, net profits have varied from a minimum of $7.23 and $17 a share. From present indications, it appears probable that net profits this year will exceed the $8.50 a share earned in 1928.

Dividend disbursements have always been held within the limits of earning capacity so that the company enjoys a strong financial position. Current liabilities comprise only ordinary running accounts, and at the close of 1928 amounted to 1.95 million dollars. Current assets, on the other hand, totaled 17.98 million dollars at that time, of which amount, 8.32 million dollars was in cash and marketable securities. As of December 31st, 1928, the common stock had a net tangible asset value of nearly $140 a share.

Operations comprise the manufacture of water tube steam boilers, stokers, superheaters, economizers, and the like. The company is one of the oldest makers of this type of equipment and enjoys a high reputation in the consuming industries, which include public utilities, marine and industrial lines.

In recent years, dividend payments have varied somewhat around a basic $7 a share annual rate, being enhanced by frequent extras and a 33 1/3% stock dividend in 1922. In view of the noteworthy stability of earning capacity and the strong financial position of the company, Babcock & Wilcox common is entitled to a strong investment rating at prevailing levels around 130.

(Continued from page 71)
ties located chiefly in British Columbia, in addition to which extensive bituminous coal fields are owned. Earnings in a number of years prior to 1928 were unimpressive, but reflecting higher copper metal prices, together with substantially increased production and lower costs, net in 1928, before depletion and depreciation, was equal to $6.60 a share. It is difficult to state the exact extent of ore reserves, but the company has been in operation over an extended period of years, and has always succeeded in maintaining a satisfactory visible supply, while drilling operations in 1928 disclosed a large tonnage over a considerable area. The new Bonanza ore body continues to develop in an encouraging manner, and operations in the full 1929 year will reflect production from that source, from which initial shipments were made earlier this year. Thus, with production higher this year, together with indication that copper metal prices will average above those for 1928, promise is held forth that profits in the full 1929 year will show a balance of around $10 a share, after taxes, but before depreciation and depletion. Financial condition is strong, and directors recently increased dividends to $8 a share annually, which rate can be continued indefinitely, barring a drastic decline in metal prices, which does not now seem in prospect. While the stock must be regarded as speculative, it is not without merit in its class, and may be held by those willing to assume a degree of risk.

CONTINENTAL OIL CO. OF DELAWARE

When I exchanged my old Marland stock for Continental, I was sure that the latter was going to be worth at least 50 by now. Instead, it keeps down in the thirties and I am quite uneasy about it. What would you advise doing?—M. C. L., Washington, D. C.

Continental Oil Co. of Delaware was formerly Marland Oil Co., the name being changed June 26th, 1929, when the property and assets of Continental Oil Co. of Maine were acquired. The existing combined organization represents a fully integrated unit in the oil industry, with extensive producing lands, pipe lines, refineries, tank cars, and wholesale and retail distributing stations. The earnings showing of the separate companies have been radically influenced in later years by heavy charges against income, not only for depreciation and depletion, but for intangible drilling costs and other special accounts, with the result that combined operations were on a deficit basis in 1928 and 1927. How-

(Please turn to page 76)

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Industrials

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Oct. 21, 1929, Times Earnings	Dividend Rate
Acme Steel	9 mos.	NR	NR	8.75	9.9(g)	4
Amer. Bosch Magneto	9 mos.	.09	ND	4.47	8.4(g)	—
Amer. Chicle	9 mos.	.21	ND	3.15	13.8(g)	2(a)
Arnold Constable	6 mos.	(d)	ND	(d)	—	—
Artloom Corp.	9 mos.	.05	ND	1.27	13.6(g)	2
Atlantic Refining	9 mos.	.11	11	4.86	8.3(g)	1(a)
Auburn Automobile	9 mos.	.26	14	17.78	14.1(g)	4(a)
Bayuk Cigars, Inc.	9 mos.	.07	NM	6.74	9.2(g)	2
Beech Nut Packing	9 mos.	.15	ND	5.03	11.6(g)	3
Bohack (H. C.) Inc.	34 wks.	NR	NR	3.80	13.2(g)	2½
Bohn Aluminum & Brass	9 mos.	.34	29	7.03	8.8(g)	3(a)
Brunswick Term. & Ry. Securit.	9 mos.	.03	ND	.85	11.7(g)	—
Budd (E. G.) Mfg. Co.	7 mos.	.07	14	1.16	8.4(g)	1(a)
By-Products Coke	9 mos.	.12	48	2.16	14.2(g)	1
Caterpillar Tractor	9 mos.	.21	ND	4.56	11.9(g)	3
Central Alloy Steel	9 mos.	.07	6	3.19	12.3(g)	2
Checker Cab Mfg.	9 mos.	.39	ND	9.43	5.3(g)	—
Chicago Pneumatic Tool	9 mos.	.07	18	2.33	10.6(g)	—
Collins & Aikman	6 mos.	.05	ND	1.34	11.2(g)	—
Commercial Solvents	9 mos.	.29	ND	12.40	31.4(g)	8(a)
Congress Cigar	9 mos.	.23	ND	5.94	7.9(g)	5(a)
Consolidated Film Industries	9 mos.	.22	ND	2.61	5.7(g)	2
Container Corp. of Amer.	9 mos.	.03	78	.14-B	39.5(g)	—
Davenport Hosiery Mills	9 mos.	NR	NR	3.37	4.6(g)	2
Donner Steel	9 mos.	.11	40	3.51	11.1(g)	—
Eaton Axle & Spring	9 mos.	.18	7	4.41	8.0(g)	3
General Electric	9 mos.	.14	NM	6.65	37.5(g)	4(a)
General Foods	9 mos.	.27	ND	2.83	15.1(g)	3
General Outdoor Advertising	9 mos.	.06	2	1.52	14.1(g)	4
Gillette Safety Razor	9 mos.	.24	ND	5.87	16.1(g)	5(a)
Howe Sound	9 mos.	.18(c)	ND	5.96(c)	7.15(g)	4(a)
Hudson Motor Car	9 mos.	.21	ND	8.42	6.3(g)	5
Independent Oil & Gas	9 mos.	.14	22	3.70	6.0(g)	2
International Cement	9 mos.	.11	54	5.70	8.1(g)	4
International Safety Razor	8 mos.	.73	ND	2.21-B	7.25(g)	2(a)
Island Creek Coal	9 mos.	.11	ND	3.54	10.4(g)	4
Johns-Manville Corp.	9 mos.	.16	5(s)	6.84	20.6(g)	3
Kinney (G. R.) Inc.	9 mos.	.05	16	1.52	19.2(g)	1(a)
Kresge (S. S.) Co.	9 mos.	.14	ND	1.94	16.2(g)	1.60

(*Please turn to page 75*)

Recent Reported Earning Position of Leading Companies

(*Continued from page 74*)

Industrials (Con'td)

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Oct. 21, 1929, Times Earnings	Dividend Rate
Lehigh Valley Coal	9 mos.	.02	89	.13	150.0(g)	—
Marchant Calculating Machine	9 mos.	.15	ND	1.95	11.2(g)	1.60
Mathieson Alkali Works	9 mos.	.10	ND	2.66	16.3(g)	2(a)
Midland Steel Products	9 mos.	.22	ND	12.99	5.7(g)	4(a)
Morris (Philip) & Co	6 mos.	.07(b)	ND	.63(b)	8.5(g)	1
Motor Products	9 mos.	.27	ND	10.85	5.7(g)	2(a)
Motor Wheel Corp	9 mos.	.21	ND	4.80	5.8(g)	2(a)
Newton Steel	9 mos.	.23	ND	7.17	8.4(g)	3
Otis Elevator	9 mos.	.14	ND	10.67	27.2(g)	6
Purity Bakeries	40 wks.	.16	33	5.29	18.9(g)	4
Scott Paper Co	9 mos.	.12	7(m)	3.71	12.9(g)	1.40
Seagrave Corp.	9 mos.	.08	ND	1.41	7.5(g)	1.20
Servel, Inc.	9 mos.	.08	18	.71	15.6(g)	—
Texas Corp.	8 mos.	.09(b)	26(m)	3.62(b)	11.4(g)	3
Timken Roller Bearing	9 mos.	.30	ND	5.06	18.3(g)	3
Underwood, Elliott, Fisher	9 mos.	.13	ND	6.36	17.0(g)	4
U. S. Hoffman Machinery	9 mos.	.08	ND	2.65	9.5(g)	4
U. S. Tobacco	8 mos.	.07	ND	4.16	14.8(g)	4
Waldorf System, Inc	9 mos.	.15	ND	1.68	14.7(g)	1⅛
Webster Eisenlohr, Inc	8 mos.	.03	ND	.67	68.0(g)	—
Wesson Oil & Snowdrift	Year	.06	ND	2.07	16.4	2
White Eagle Oil & Refining	9 mos.	.11(b)	29	3.34(b)	7.4(g)	2
White Rock Mineral Springs	9 mos.	NR	NR	3.16	11.6(g)	3
Wrigley (Wm.) Jr.	9 mos.	.21	NM	4.33	12.6(g)	4
Youngstown Sheet & Tube	9 mos.	.12	53	16.67	5.9(g)	5

Public Utilities

American Superpower	12 mos.	.14	ND	4.83	8.0	—
American Tel. & Tel.	9-mos.	.07	23	9.24	22.9(g)	9
Central States Electric	12 mos.	NR	NR	2.74	17.9	.40(a)
Commonwealth Edison	12 mos.	.09	74	12.41	33.5	8
Detroit Edison	12 mos.	.11	86	12.87	27.2	8
Federal Water Service	12 mos.	.05	147	3.17-A	15.3	2.40
General Public Service	12 mos.	.23	95	5.55	9.2	6(e)
Pacific Gas & Electric	9 mos.	.06	114	2.77	17.6(g)	2
Peoples' Gas, Light & Coke	12 mos.	.08	91	11.67	30.4	2
Standard Gas & Electric	12 mos.	.03	103	6.70	26.6	3½
Standard Power & Light	12 mos.	.05	106	5.06	28.6	—
Western Union	9 mos.	.06	7	11.25	16.7(g)	8

Railroads

Alleghany Corp.	32 wks.	.02	44	.40	61.7(g)	—
Chesapeake Corp.	9 mos.	.05	76	2.76	21.2	3
Pere Marquette	9 mos.	.07	62	13.43	11.3	6(a)

(a)—And extra. (b)—Before taxes. (c)—Before depletion. (d)—Deficit. (e)—Payable in stock. (g)—Figured on basis of estimated yearly earnings as indicated by period reported. (m)—Including mortgages. (s)—Including obligations of subsidiaries. ND—No funded debt. NM—Negligible. NR—Unavailable.

(*Continued from page 73*)

ever, the consolidation of the companies is viewed as the initial step in the formation of a huge new independent organization in the petroleum industry, under the supervision of important banking interests, and operating economies as well as more effective distribution should permit of highly profitable operations with a return to normal conditions in the petroleum industry as a whole. Combined earnings have been on the upgrade in the current year, results from operations in the first six months, showing a balance equal to 46 cents a share against a deficit of $1,788,000 in the same period of 1928, with earnings in the third quarter of 1929 estimated to equal around $1.16 a share. Permanent improvement in the industry as a whole has been slow to materialize, but we are confident that present efforts to solve difficulties through intelligent control over output will eventually be crowned with success. While Continental Oil shares are by no means on the bargain counter at existing quotations, we would accord the stock a degree of speculative attractive for the longer term holding.

AMERICAN SUGAR REFINING

Several times I have made a worth while profit by buying American Sugar and carrying it through a rise. I hold 200 shares now, but can't make up my mind what the stock is likely to do. Please let me know your opinion for the outlook for, say, the next six to nine months.—G. B. M., Syracuse, N. Y.

American Sugar Refining ranks as a dominant factor in the sugar refining industry in this country, in addition to which it is an important Cuban sugar producer and has various other interests, the earnings of which have been subject to wide fluctuations in recent years, reflecting difficulties in returning to a more equal balance between production and consumption following war time inflation. Preferred dividends were not earned in 1924, followed by gradual improvement to a balance equal to $7.08 a common share in 1926 and a further drastic decline in 1927 when only 97 cents a common share was shown. Marked improvement was registered in 1928 when net equalled $7.60 a common share, but while business has been in larger volume in the current year to date, due to a narrower spread between raw and refined sugar prices, it is doubtful whether profits in the full 1929 year will come up to the balance reported last year. Moreover, profits from operations in Cuba are likely to be smaller this year than last, although substantial income from investments and loans should preclude the possibility of a drastic falling off in net. Financial position is excellent. However, while any marked change in trade conditions is likely to be in the nature of an improvement, on the basis of developed earning power to date and visible prospects, the shares seem lacking in definite attraction for the near term.

MACK TRUCKS

How much credence can be given to the rumors of a merger between Mack and White? And if such a merger should come about, do you think it will benefit people like me who have been holding Mack for several years? Maybe I ought to sell my Mack stock now.—S. T. L., Detroit, Mich.

Ranking as the largest producer of high quality heavy duty motor trucks, Mack Trucks also manufactures motor buses, coaches, fire fighting apparatus and gas-electric buses, and has made steady progress in the past 18 months after the drastic sales decline in 1927 resulting from the adoption of more stringent credit terms to customers in that year. Earnings in the first six months of the current year were equal to $5.17 a share, with estimates of around $2.85 a share in the third quarter and approximately $10 a share for the full 1929 year, which would compare with $7.83 a share in 1928. Financial position has been further strengthened in the past year, and possibilities exist for some upward revision in dividends over the $6 a share annual rate now prevailing, whenever directors so elect. No official confirmation is at hand regarding an actual merger with White Motors, although rumors are persistent and it would appear that such a consolidation should work out to the benefit of all concerned. We are optimistic regarding the company's longer term future, and see no reason for disturbing present holdings.

AMERICAN TOBACCO

It seems to me that the increase in the price of Lucky Strikes ought to keep American Tobacco stock right up and result in a dividend increase. But my broker, who is in a position to know a good deal about tobacco securities, claims this is not going to work out that way and that I had better take advantage of my nice profit to get out now. What shall I do?—H. B. O., Charleston, S. C.

Now manufacturing six brands of cigarettes, two brands of little cigars, four brands of smoking tobacco, three brands of twist tobacco, eight brands of smoking mixtures and seventeen brands of plug chewing and plug smoking tobacco, American Tobacco Co., ranks as an outstanding factor in the general tobacco industry. Earnings in

later years have consistently established record high levels, profits in 1928 being equal to $11.19 a share on the combined common shares and in spite of exceedingly keen competitive conditions, net in the first seven months of the current year was equal to $7.18 a share with indications of a new record peak in the full 1929 year. Sales of cigarettes have been in substantially increased volume in the current year to date and the recent settlement of the cigarette trade war, resulting in an advance of 40 cents per thousand in cigarette prices is expected to add something around $5 a share to earnings, without giving consideration to anticipated continued gain in total sales. Thus, the company's earnings outlook for the coming year is exceptionally bright. Financial position is unusually strong, and a higher dividend than the $8 per share annual rate seems in prospect. While the stock has recently advanced materially in quoted value reflecting favorable internal developments, we do not believe entire possibilities are wholly exhausted. Further patience should prove satisfactorily profitable.

GLIDDEN

Being here in Portland, I have been greatly interested in the purchase of the Portland Vegetable Oil Mills Co. by the Glidden Co. I am a stockholder in the latter, having paid an average of about 41. Please explain what this expansion program of Glidden's really means and indicate whether you think I had better take my profit or hold.—E. P. P., Portland, Ore.

Glidden Co., long established as one of the leaders in the paint and varnish field, has expanded rapidly in recent years, acquiring several concerns engaged in manufacturing raw materials entering into foodstuffs with the result that it now has a well diversified line of products. Through the recent acquisition of seven new companies to be operated by a subsidiary, Durkee Famous Foods, it has brought its manufacture of food products to a point where it comprises a large portion of total business volume. One of the more important recent acquisitions is the Portland Vegetable Oil Mills Co., which, with its location on deep water and adequate dock and pier facilities for direct importation of raw cocoanut from the Philippines, places Glidden in a favorable position for the production of refined cocoanut oil. Encouraging progress has been reflected in earnings of $2,353,508 for the ten months ended August 31st, 1929, equivalent, after preferred dividend requirements, to $3.77 a common share against $1,550,966 or $3.74 a share on a smaller capitalization in the corresponding period of 1928, an increase of 54%.

MARKET STATISTICS

	N. Y. Times	Dow, Jones Avgs.		N. Y. Times 50 Stocks		
	40 Bonds	20 Indus.	20 Rails	High	Low	Sales
Thursday, October 10	86.02	352.86	177.76	299.63	293.50	3,999,790
Friday, October 11	86.24	352.69	178.53	301.87	295.82	3,963,820
Saturday, October 12	HOLIDAY—EXCHANGE CLOSED					
Monday, October 14	86.38	350.97	177.91	300.24	295.68	2,755,850
Tuesday, October 15	86.69	347.24	177.94	299.17	294.13	3,107,050
Wednesday, October 16	86.84	336.13	175.74	295.77	287.43	4,088,000
Thursday, October 17	86.98	341.86	176.12	293.17	286.22	3,864,150
Friday, October 18	87.18	333.29	174.91	293.07	286.58	3,507,740
Saturday, October 19	87.23	323.87	171.72	285.77	278.56	3,488,100
Monday, October 21	87.25	320.91	170.03	281.52	272.83	6,091,870
Tuesday, October 22	87.35	326.51	172.38	283.75	278.12	4,129,820
Wednesday, October 23	87.62	305.85	167.28	277.76	261.00	9,374,960

Although improved earnings are likely to be offset to some extent by increased capitalization, the company is continually working into a stronger competitive position and seems to face a decidedly bright outlook. More recently, the company has been mentioned in connection with possible future important merger negotiations involving the acquisition of the paint and varnish branch of its business by Commercial Solvents, while the food lines would become part of a new food combine which is understood to be in process of preliminary formation by important banking interests. However, while the foregoing holds interesting possibilities, there have been no definite developments to date. Nevertheless, the shares seem reasonably priced at existing levels, and we are confident further patience will bring its own reward.

Van Sweringens Upset Railroad Precedent

(*Continued from page* 21)

the possibility of an increase to 10 per cent, when asked what the directors were likely to do about these matters, replied, "We are not quite such lively steppers as the Van Sweringens, but this thing might become a fad and then who could tell what we might do?"

Among the other railroad stocks that sell in big figures are the following, with the top quotation for this year:

Atlantic Coast Line, 209½; Canadian Pacific, 265⅞; Central Railroad of N. J., 355; Delaware & Hudson, 226; D., L. & W., 169¾; Illinois Central, 153½; Louisville & Nashville, 154¾; N. Y. Central, 256½; Nickel Plate, 192⅜; Pennsylvania, 110 (220 on $100 par basis); Pere Marquette, 260; Southern Pacific, 157½, and Southern Railway, 162⅛.

Real Consolidation

But there is another phase of the C. & O. announcement on October 15th that is equally as significant, and even more striking, than the proposed change in the number of shares and par value of the common stock.

When the Cleveland brothers started in their railroad career they were disposed to fight those who opposed them. This was notably true with respect to the strong C. & O minority stockholders' committee. More recently they have shown an inclination to compose differences. Last year a settlement was effected with the C. & O. minority.

While the C. & O. has owned a large majority of the Hocking Valley Railway stock outstanding, even before the Van Sweringens came into the C. & O. picture, there has been a minority interest of over $2,000,000. Some weeks ago announcement was made that a committee representing at least the greater part of the minority shares, had made an offer to the Van Sweringens to turn in their holdings at the rate of 1 share for 2¼ shares of C. & O.

With the formal acceptance of this offer by the Hocking directors, the Van Sweringens announced that those directors also had voted, subject to approval by stockholders and the I. C. C., to transfer the assets and property of the company to the C. & O. The same action, it was stated, had been and would be taken by the Chesapeake & Hocking Railway Co., a small company organized and wholly owned by the C. & O. to build an extension.

But here is the most striking and significant part of the whole C. & O. announcement: "When these steps have been accomplished it means that the separately operated Hocking Valley Railway Co. becomes an integral part of the Chesapeake & Ohio Railway, and that Chesapeake & Ohio trains will run on C. & O. rails from tidewater at Newport News to the Lakes at Toledo, where they also meet the rails of the Pere Marquette, which recently the commission allowed the C. & O. to own and control."

This reads well and sounds well. It represents the very thing that all railway executives specially interested in railroad consolidation have wanted to do all along, but from the doing of which they have believed they were specifically barred by one or more provisions of the Interstate Commerce Act.

Could anything be more specific and explicit? And still the Van Sweringens say that when their plans for the C. & O., Hocking Valley and Chesapeake & Hocking are carried out "the separately operated Hocking Valley Railway Co. becomes an *integral part* of the Chesapeake & Ohio Railway Co."

How do they propose to do it? That is what many an observer vitally interested in railroad consolidation would like to know. The section of the Act which it has been assumed by most railroad lawyers prevented the doing of what the Van Sweringens have proposed stipulates that a railroad, wishing to start a merger, may acquire control of one or more carriers, "either by a lease or the purchase of stock, or in any other manner *not involving the consolidation of such carriers into a single system*," and also if such acquisition "will be in the public interest." With compliance with these provisions and others of a minor character, "the Commission shall have authority, by order, to approve and authorize such acquisitions."

Could anything be more explicit than this wording either? In view of its scope those who are interested have been asking some of the following questions since the C. & O. announcement was made: "Do the Cleveland boys 'know something'?" "Have they 'inside information' that the Parker and Watson bills, which provide for these very steps in connection with railroad consolidation, will be passed at the winter session of Congress?" "Do they know the probable provisions of the forthcoming I. C. C. consolidation plan with respect to the railroads that they control?"

Are they going to be "Johnnie on the Spot" with regard to both of these matters, and have the distinction of being the first group of applicants to get a Government "O. K." for such a hard and fast merger plan?

It develops, on careful inquiry in legal circles, that in the case of some subsidiaries, largely or wholly owned by the applicant company, the I. C. C. has so construed part of the wording of another section of the Interstate Commerce Act as to seem to justify the granting of what the Van Sweringens propose to do in the C. & O.-Hocking situation. In fact, the Commission, in several such instances, has authorized what is virtually a complete consolidation of two or more railroads. It has not done it in the case of a large minority interest, or when the company to be taken over was not already a subsidiary. Apparently it is on this construction of a single phrase in that particular section of the Act that the Van Sweringens hope to get approval for their most recent plan.

However, all these conjectures may work out, it seems altogether probable that, within the next three to six months, there will be developments at Washington and elsewhere of far reaching importance with respect to the consolidation of steam railroads in the United States.

Generally speaking, those roads are in better shape physically and financially than ever before. Both gross and net earnings for the first eight months of this year were largely in excess of the corresponding period of last year. While there will be some recessions in the last four months, the totals for the year are practically certain to be materially larger than for 1928, barring a wholly unexpected slump in the last three months. In the case of the Atchison, Pennsylvania, Union Pacific, Southern Pacific and still some others, the final figures for

Building and Loan Associations

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April 5, 1921, $0.00
March 31, 1922, $147,608.20
March 31, 1923, $272,463.58
March 31, 1924, $500,130.44
March 31, 1925, $750,097.74
March 31, 1926, $1,208,168.28
March 31, 1927, $1,557,991.60
March 31, 1928, $2,116,982.70
March 31, 1929, $2,735,050.05
Jun. 30, 1929, $2,904,521.54

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this year will be very much larger.

The railroads of the United States and their securities are not going to be supervised, regulated or legislated out of existence by Government bodies. State commissions and boards, with the exception of those of Texas, have subsided considerably in their activities against the railroads. Even the I. C. C. is not as extreme in some respects as it was.

So far as can be foreseen now, the steam railroads will continue the leading long distance transportation mediums in the United States. The market prices of their securities will go down during periods of business recession and depression, or when they have been unduly advanced, as they have in recent weeks, for the latter reason.

But the investor who puts his money into the 15 railroad stocks already mentioned, and a considerable number of others, stays by them, takes the regular and extra disbursements and allotments, will have sound investments and will make money, as those have done who, in the last few years, have pursued a similar policy with respect to our leading industrials, U. S. Steel, General Motors, American Telephone & Telegraph, DuPont, General Electric and many others.

Charting a Financial Course

(*Continued from page* 41)

will find himself redoubling his efforts to save a larger portion of his income. A growing sense of satisfaction and comfort has given him a forceful impetus.

Even if an ultra conservative investment plan is followed and accumulated funds are placed in the soundest bonds, yielding 5%, it would be possible to build up a fund of $50,000 in 20 years by the monthly investment of about $125 and the prompt reinvestment of interest. The results to be obtained by selection of more diversified media are even more startling. The inclusion of a number of carefully chosen common stocks, representing an equity in the earnings of established and leading enterprises, in a scientifically constructed investment program is a practice which is finding favor with astute bankers and investors everywhere. It has been rather conclusively demonstrated that contrary to the belief that formerly prevailed, high grade common stocks not only provide an excellent medium for the appreciation of principal but do not involve the extreme speculative risk which was commonly believed to be true not so many years ago. The average person, however, would do well not to undertake the choice of common stocks without the guidance of competent investment counsel which, as already pointed out, is readily available.

Whether the investor's choice favors bonds, stocks or both, his responsibility does not cease with their selection. To purchase a security, place it in a safe deposit box and then promptly forget it is neither wise nor profitable. It is within the realm of possibility that an issue of bonds or stock, regardless of its merit when chosen, will be adversely affected by unforeseen developments and depreciate both in value and income to an extent which might seriously interfere with the culmination of the investor's plan. To avoid this possibility, a careful survey and analysis of all securities held should be made at regular intervals. In this manner, the investor will not only insure his intentions by reducing the risk of depreciation but changing market, industrial and economic conditions might suggest certain changes in his holdings for the purpose of producing greater returns.

In the foregoing paragraphs the writer has attempted to chart, in a general way, the only safe and certain course toward financial independence. It lies within the power of everyone, with sufficient ability to earn a fair income, to provide for their comfort and peace of mind when the inevitable march of Time will find them with neither the ability nor inclination to engage in income-producing occupations. To achieve this goal, the principal requirements are the willingness to plan and save and the determination to steer a straight course without deviation into uncharted waters.

Insurance Department

(*Continued from page* 43)

therefore do not know to what extent you can commit yourself for payment of additional life insurance. In your position, however, you should take it till it "hurts"!

If you considered a 25-payment life policy, taken at age 39, premiums would be completed in your 64th year—if claim were not made prior to that time, and a policy for $5,000 on this plan would require an annual premium of about $134, on the non-participating basis. If taken on a participating plan the premiums would be about 20% or 25% higher in the first year, reducible annually thereafter by dividends. Over a long run the cost to the insured would probably work out about the same. The Disability and Accidental Death Benefits would call for small additional annual premiums.

You say that you would like insurance "that would return an income monthly for life." If this is for the beneficiary, practically all standard policy forms now include optional modes of settlement, and the proceeds may be left as income for a period of years, or—if the amount of the proceeds be of sufficient size to make it practical—as an annuity for life thereafter.

If you are seeking life insurance that would pay *you* personally an income for life after need of family protection has ceased you could of course consider an endowment at age 65. This would call for a higher premium than the 25-payment contract—about $162 per $5,000 as against the above quotation of $134.

Brooklyn Union Gas

(*Continued from page* 27)

perienced sharp declines. The high prices undoubtedly were discounting developments too far in advance and the reaction is a healthy corrective. Brooklyn Union Gas common stock has ranged in prices this year between 162½ and 248½ on the New York Stock Exchange, and currently is selling at or near its low. The price is still more than 20 times the earnings last year. On the basis of the present $5 dividend, the yield is about 3.1%. The company, however, does possess distinct possibilities not only as to growth within its own territory but as already mentioned in an all inclusive metropolitan utility merger.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$7.00	Amer. Rad. & Stand. Sanitary pfd.	1.75	Q	11-15	11-30
....	Amer. Strs. Co. com.	.50	Ext	11-14	12-2
10.00	Atch. Top. & S. Fe com	2.50	Q	11-1	12-2
3.00	Borden Co.	.75	Q	11-15	11-3
3.00	Caterpillar Tractor ..	.75	Q	11-15	11-25
3.00	Chicago Yellow Cab..	.25	M	11-20	12-2
.30	Cit. Serv. Co. com..	.02½	M	11-15	12-1
Stk	Cities Serv. Co. com. stock	½%	M	11-15	12-1
2.50	Continent. Can com.	.62½	Q	11-1	11-15
Stk	Coty Inc.	1½%	Q	11-12	11-27
4.00	Gen. Cable, Cl. A...	1.00	Q	11-13	12-1
7.00	Intern. Harv. pfd....	1.75	Q	11-5	12-2
Stk	Inter. Paper & Power Cl. A com.	.60	..	11-1	11-15
6.50	Loew's Inc. cum. pfd.	1.62½	Q	11-1	11-15
2.00	May Dept. Stores....	.50	Q	11-5	12-2
Stk	May Dept. Stores...	1¼%	Q	11-5	12-2
3.00	Montgom. Ward com.	.75	Q	11-4	11-15
3.00	Munsingwear Inc. ...	.75	Q	11-14	12-1
1.00	Natl. Pr. & Lt. com.	.25	Q	11-12	12-2
2.00	Skelly Oil Co........	.50	Q	11-15	12-15
Stk	Stew.-Warner Speed..	2%	Q	11-5	11-15
Stk	Studebaker Corp. ...	1%	Q	11-9	12-1
2.40	Wodlworth, F. W....	.60	Q	11-9	12-2

Building and Loan Associations

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Texas

Texas

Alabama

Colorado

Kentucky

Using Building and Loan Shares to Build a \$100,000 Fund

(*Continued from page 45*)

a copper stock at 25 paying 2%. Since we bought it, the dividend was raised to 4 and price rose to 44. So if we want to sell we have a good profit and if we don't want to sell, see what rate of income we receive. The same is true of a large oil company recommended around 50 and today selling at 69 with a right worth about \$5 per share. This will net us about 25 points in case we wish to sell. If we feel like putting this money back again into securities, we do so, if we want to spend any of it we do so, for it in nowise affects our plan of savings.

You will note that we still have \$400 a year miscellaneous we have not touched. We use this for anything we want, and when it is not used it is drawing interest.

I have not gone into details about Building & Loan for I have assumed that practically every one was familiar with the working of these institutions, but if you are careful you will find some better than others and you should have no trouble in that respect. Payments are made once a month and we have worked out a schedule which operates perfectly. I take my sheet each Friday and pay everything that is due for the coming week, so I am always paid in advance and am never penalized for being delinquent. I mean my wife does this.

You may think we go into a lot of detail and trouble but we don't. It is a little farm well tilled, and a little army well drilled that counts. It is what you do with your money and how you invest it that counts, not what you earn. Think your plan, think success, talk your plan, talk success, and you can, and you will and you must win. The time is 24 years. Look back for 24 years and see what some of our great men have accomplished in the past 24 years. Why can't you. Try it. We did and are not sorry.

To Building and Loan Investors:—
We are endeavoring to give our subscribers and readers more explicit information on their B. & L. holdings. Therefore, we will be pleased to give you an opinion on any individual Association located in the United States, provided we have available data on which to base an opinion. Address Building & Loan Association Dept., The Magazine of Wall Street, 42 Broadway, N. Y. C.

Things to Think About

(Continued from page 19)

wise of loans of the first period now has been cancelled through market declines by loans floated during the second period.

* * *

Authorities and Forecasts

WALL Street is far greater than its greatest parts. It is a market of democratic control. Great bankers and solemn market authorities told it what to do in the collapse of last week, and then despite advice and command, it kept on collapsing. Public opinion was in control, and P. O. does not always agree with the big chiefs. Apparently the public has its own very definite ideas of real values. Particularly when it gets scared.

* * *

An International Currency?

WILL the International Bank bring about the establishment of an international currency? World regulation of gold mines and gold shipments would tend to stabilize currency levels and might result in a world currency.

* * *

No Wheat at a Loss

THE embattled farmers of the Western Canada wheat pool are defying the wheat buyers of the world markets. Millions of bushels for profit but not a cent for loss! If our Farm Board had more courage and vision, the American farmers would also be in the defiance—and in the money a little later. It is a refreshing spectacle to see a hundred thousand farmers, secure in their technical market position, calmly waiting for their turn to play.

Market Break Forces Recognition of Investment Standards

(Continued from page 11)

of investors looking over their financial bruises received in the recent break.

For the real investor, the stock market break has opened up innumerable opportunities to employ his funds in stocks at prices which again provide an attractive rate of return. The forced selling of shares both in the break and the subsequent liquidation carried the values of many good invest-

Financial Notices

Dividends and Interest

AMERICAN RADIATOR & STANDARD SANITARY CORPORATION

PREFERRED DIVIDEND
COMMON DIVIDEND

A dividend of $1.75 per share on the Preferred Stock, being the third quarterly dividend, has been declared payable November 30, 1929, to stockholders of record at close of business November 15, 1929.

A dividend of $.375 per share on the Common Stock, being the third quarterly dividend, has been declared payable December 31, 1929, to stockholders of record at close of business December 11, 1929.

Transfer books will not be closed.

ROLLAND J. HAMILTON
Secretary and Treasurer

The North American Company

QUARTERLY DIVIDENDS

No. 103 on Common Stock of 2½% in Common Stock (at the rate of 1/40th of one share for each share held); and

No. 84 on Preferred Stock of 1½% in cash (at the rate of 75 cents per share)

Will be paid on January 2, 1930 to respective stockholders of record at the close of business on December 5, 1929.

Robert Sealy, Treasurer

Dividends and Interest

Borden's

COMMON DIVIDEND No. 79

A quarterly dividend of seventy-five cents (75¢) per share has been declared on the outstanding common stock of this Company, payable November 30, 1929, to stockholders of record at the close of business November 15, 1929. Checks will be mailed.

The Borden Company
WM. P. MARSH, *Treasurer.*

LOEW'S INCORPORATED

"Theatres Everywhere"

October 24th, 1929.

At a meeting of the Board of Directors held on October 21st, a quarterly dividend of $1.62½ per share was declared on the outstanding $6.50 Cumulative Preferred Stock of this Company, payable November 15th, 1929, to preferred stockholders of record at the close of business November 1st, 1929.

DAVID BERNSTEIN,
Vice-President & Treasurer.

CHILE COPPER COMPANY

The Directors have this day declared a distribution of 87½ cents per share and an extra distribution of $1.50 per share on the capital stock of the Company, payable December 30, 1929, to stockholders of record at the close of business on December 4, 1929.

C. W. WELCH, Secretary.

New York, October 24, 1929.

Dividends and Interest

Middle West Utilities Company

Notice of Dividend on Common Stock

The Board of Directors of Middle West Utilities Company has declared a quarterly dividend of One Dollar and Seventy-five Cents ($1.75) upon each share of the outstanding Common Capital Stock, payable November 15, 1929, to all Common stockholders of record on the Company's books, at the close of business at 5:00 o'clock P. M., October 31, 1929.

EUSTACE J. KNIGHT,
Secretary.

INTERNATIONAL PAPER and POWER COMPANY

Boston, Mass., Oct. 9, 1929.

The Board of Directors has declared a regular quarterly dividend of sixty cents (60c) on the Class A Common Stock of this Company, payable November 15th, 1929, to stockholders of record at the close of business November 1st, 1929. Checks to be mailed. Transfer books will not close.

R. G. LADD, Ass't. Treas.

ment stocks down to quotations that are hardly warranted by their present or potential earning power. Cash dividend returns of 6 per cent or more which virtually disappeared during the summer boom have again made their appearance among well seasoned issues. The investor may again step in with renewed confidence if he selects his commitments on the standards of investment value defined above.

One factor that will stand the investor in particularly good stead at the moment is the favorable credit outlook. One of the outstanding incidents to be noted in the recent break is the fact that it was the first time in financial history that a market panic occurred in the face of cheap and comparatively abundant credit. While considerable capital has become "frozen" as the result of the sharp decline in stock values, this factor is offset by an exceptionally strong banking and credit position. As the investment buyers of stocks are taking up the liquidation of erstwhile margin buyers, brokers' loans will fall considerably, releasing both banking resources and private capital temporarily employed in the call money market.

The evidence that this process is already under way is seen in latest brokers' loan figures, the sharp reduction of acceptance rates and rising prices for bonds. The better stocks, now recognized widely for income purposes, should share with the bond market the benefits of lower money rates in prospect after the present readjustments are completed. Lower stock yields are far safer in the face of low money rates and abundant capital than they are in the face of a stock market boom with its inevitable tightness of credit.

In order to give our readers a comprehensive list of suggestions for common stocks investments, we present the accompanying group of standard investment issues sufficiently diversified in type to meet various investment requirements. They are recommended essentially for investment purposes and should be purchased on an outright basis, disregarding intermediate fluctuations.

Important Corp. Meetings

Company	Specification	Date of Meeting
American Seating Co.	Common Div'd	11-5
Baldwin Loco. Works	Pfd. & Com. Div'd	11-9
Best & Company	Common Div'd	11-12
Brown Shoe Co.	Com. Div'd	11-5
Buffalo, Niagara & East'n Pr.	All Classes	11-8
Canadian Pacific Ry. Co.	Com. Div'd	11-11
Case (J. I.) Threshing Mach.	Pfd. & Com. Div'd	11-14
Federal Lt. & Trac.	Pfd. & Com. Div'd	11-6
First Nat'l Pict., Inc.	1st Pfd. Div'd	11-11
General Gas & Elec. Corp.	All Classes	11-6
General Motors Corp.	All Classes	11-14
McCrory Stores Corp.	Cl. A & B	11-4
Newberry (J. J.) Co.	Com. Div'd	11-12
Paramount Famous Lasky	Com. Div'd	11-11
Shell Union Oil Corp.	Directors	11-13
Southern Pacific Co.	Com. Div'd	11-14
Tennessee Copper & Chem.	Com. Div'd	11-12
Timken Roller Bearing Co.	Com. Div'd	11-5
Underwood-Elliott-Fisher Co.	7% Pfd., B & Com. Div'd	11-14
Union Pacific R. R.	Com. Div'd	11-14
United Fruit Co.	Com. Div'd	11-4

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